Gender, economy and development in the North

Sinevaara-Niskanen, Heidi

Published in:
Politics of development in the Barents region

Published: 01.01.2012

Document Version
Publisher's PDF, also known as Version of record

Citation for pulished version (APA):
Sinevaara-Niskanen, H. (2012). Gender, economy and development in the North. In M. Tennberg (Ed.), *Politics of development in the Barents region* (pp. 362-377). Lapland University Press.

Politics of Development in the Barents Region

EDITED BY
Monica Tennberg

LUP LAPLAND UNIVERSITY PRESS
LAPIN YLIOPISTOKUSTANNUS
Rovaniemi 2012

Politics of Development
in the Barents Region

Cover and layout: Olli Österberg
Language checking: Michael Hurd and Richard Foley

SALES

Academic and Art Bookshop Tila
PO Box 8123
FI-96101 Rovaniemi
Finland

phone +358 40 821 4242
fax +358 16 362 932

publications@ulapland.fi
www.ulapland.fi/LUP

Juvenes Print, Tampere 2012

ISBN 978-952-484-556-4 (paperback)
ISBN 978-952-484-557-1 (PDF)

Contents

Contributing authors

Luc Ampleman, who is interested in transportation in remote areas, has worked for ten years as a northern policy specialist and governmental advisor for the Ministry of Transport of Québec. Boasting two Master's Degrees, one in philosophy (Laval University) and one in urban planning (University of Montréal), he moved permanently to Poland in 2008, where he is currently conducting PhD research and working at the Institute of European Studies of the Jagiellonian University (Krakow). His field of research includes mobility policies in hyper-peripheral regions, transport diplomacy, the geopolitics of the Arctic, the influence of local stakeholders, and morphodynamic and structural geography. He is a member of several academic organizations and projects including the Polish Team of Social Sciences and History of Polish Polar Research.

Karolina Banul is a graduate of the Institute of Political Science, University of Warsaw, Poland. She was an intern in the Arctic Centre of the University of Lapland, and soon after in the International Barents Secretariat, where she gathered material for her master's thesis entitled "The governance of renewable energy in the Barents Region". Her research interests include socio-economic development, regional transformations, and the governance of new energy technologies in the Arctic. Her main field of study is the relationship between national renewable energy policies and processes of regional development in the Arctic. She plans to begin her PhD studies with a focus on the impact of renewable energy solutions on local communities.

Vladimir Didyk is a Research Director at the Luzin Institute for Economic Studies of the Kola Science Centre, Russian Academy of Sciences, where he has been working since 1989. His background is in economics, which he studied at the Polytechnic University in Lviv (Ukraine). In 1993 he taught at the Arctic Study Program in the University of Lapland. In 1995-1996, for several months, he was a visiting researcher at the Centre for Regional Studies at Umeå University (CERUM) and at the Economic Department of the University of Tromsø. He has participated in several international research projects and programs. His research interests include regional science, socio-economic policies and the sustainable development of Northern regions and municipalities, urban economics, and strategic management in Russian cities.

Dr. **Aileen A. Espíritu** is the Director of the Barents Institute, University of Tromsø, Norway. She has served as Assistant Professor at the University of Northern British Columbia, Canada. She holds a PhD in History from the University of Alberta. The focus of her current research is on social quality and the quality of life in the Arctic regions; identity politics in indigenous and non-indigenous Northern communities; gendered political participation among indigenous peoples of the Circumpolar North; the impact of industrialization and post-industrialization on small towns in the North; the politics of environmental management and energy security in Russia; and the ethics of ethnography.

Md. Waliul Hasanat is an Associate Professor of Law at the University of Rajshahi, Bangladesh, where he has been teaching since 1996. He is an associate member/researcher in the Northern Institute for Environmental and Minority Law (NIEM) at the University of Lapland's Arctic Centre. He has recently submitted his thesis for the Doctor of Laws degree for preliminary evaluation at the Faculty of Law at the University of Lapland; it is entitled "Soft-law Cooperation in International Law: The Arctic Council's Efforts to Address Climate Change". His main research interests include soft law in international law, soft-law cooperation, the Arctic Council, the Barents Euro-Arctic Council, the Barents Regional Council, the Northern Forum, climate change in the Arctic, environmental protection, regional climate policy, changes in the Circumpolar North, and the protection of minorities.

Antonina Kulyasova is a researcher at the Centre for Independent Social Research in St. Petersburg, Russia. She graduated with a degree in Economics (Political Economics) in St. Petersburg State University in 1991. In 2001 she defended her PhD in Economics (Theoretical and Environmental Economics) in St. Petersburg State University. Since 1997, Ms. Kulyasova has worked as a scientific researcher and coordinator of the group for environmental research at the Centre for Independent Social Research. She has participated in numerous international research projects and worked in the United States and Finland on research grants.

Eini Laaksonen is a University Teacher at the Pan-European Institute, Turku School of Economics, University of Turku, Finland. She is specialised in International Business with an emphasis on the economic development of the

Barents Sea region, focusing particularly on the Murmansk region. She has studied, among other things, the future of Russian energy production, business opportunities in the Russian North, and the political risks of Russian energy industry for foreign investors. She has been involved in several research projects at the Pan-European Institute and has published articles concerning business prospects in the Russian Arctic. In addition to her research activities, Ms. Laaksonen supervises Master's and Bachelor's theses and teaches courses on the economic development of Russia and Eastern Europe. She is also a Member of the Executive Board of the Finnish Master's School in Russian and Eastern European Studies University Network, and Secretary of the Advisory Board of the Pan-European Institute.

Nils-Gustav Lundgren obtained a PhD in economic history at Umeå University in 1984 with the dissertation "Forestry, technology and livelihoods in the Luleå River Valley 1870-1970". From 1984 to 1987 he was a senior researcher at the Swedish Institute of Building Research and from 1987 to 1991 for the Norrbotten County Administration Board. Starting in 1991, he first held a lectureship and then the chair in economic history at Luleå University of Technology. From 2009 to 2012 he was also a part-time visiting professor at CERUM, the Centre for Regional Studies at Umeå University. In his research he has concentrated on the significance of technological and institutional changes for long-term economic development in a local, regional, national and international perspective.

Soili Nystén-Haarala has worked as Professor of Civil Law in the Faculty of Social Sciences and Business Studies at the University of Eastern Finland (earlier Joensuu University) since 2004 (tenured as of 2006) and as Professor of Legal Science at Luleå University of Technology in Sweden. She has also worked as a visiting fellow in the Forestry Project at IIASA (the International Institute of Applied Systems Analysis) in Laxenburg, Austria and as a visiting professor at Umeå University, Sweden. Since 2003 Ms. Nystén-Haarala has led several international and multi-disciplinary research projects funded by the Academy of Finland and the Finnish Funding Agency for Technology and Innovation (Tekes). Her main fields of interest are the use of contracts in business practice and natural resource governance in Russia. She has numerous publications on Russian law and transition as well as on contract law and proactive law.

Anna-Maija Matilainen graduated in 2000 from the Faculty of Law of the University of Lapland with a Master of Laws degree. After graduation she was trained on the bench in 2001 and she has worked for several years as a practicing lawyer. She has participated in international and multidisciplinary research projects studying the forestry industry and the governance and use of renewable natural resources in Northwest Russia. She has published articles concerning corporate social responsibility in the Russian forest sector, forest companies and the regulation of companies in Russia. Her main fields of interest are Russian law, company legislation and corporate social responsibility. Ms. Matilainen is currently finalizing her doctoral thesis at the University of Eastern Finland.

Julian Reid is Professor of International Relations at the University of Lapland, Finland. He has taught previously at King's College London, Sussex University, and SOAS (School of Oriental and African Studies) at the University of London. He is the author of "The Liberal Way of War" (London and New York, Routledge, 2009) and "The Biopolitics of the War on Terror" (Manchester and New York, MUP, 2006), as well as numerous articles and book chapters in the fields of international relations, political theory and philosophy, security studies, and cultural theory. He is also coordinating a strategic priority project by the University of Lapland (2011–2013) on the biopolitics of sustainable development in the Barents Region.

Larissa Riabova is Head of the Department of Social Policy in the North at the Luzin Institute for Economic Studies (IES) of the Kola Science Centre, Russian Academy of Sciences in Apatity, Murmansk region. She holds a PhD in Economics received at the Leningrad Institute of Economics and Finance. Her research interests are social sustainability, social policy, well-being and community studies in the North. She has taken part in several circumpolar research projects on local coping processes related to globalisation, on social capital, and on community resource management. She has participated in UNESCO projects on social transformations in the North, in the opening activities of the University of the Arctic, and in the "Arctic Human Development Report" under the auspices of the Arctic Council. She is a member of the PhD Dissertation Council at the IES and a member of the Thule Institute International Advisory Board in Finland.

Heidi Sinevaara-Niskanen is a doctoral candidate in the Unit for Gender Studies at the University of Lapland, Finland. She holds a master's degree in international relations and is a member of the Sustainable Development Research Group at the Arctic Centre. Her research interests combine international politics, Arctic studies and gender studies. At present she is studying the politics of sustainable development and how the social dimension of sustainable development in Arctic politics has been defined. The special focus of her work is on questions of equality and participation in the context of descriptions of the social dimension of the Arctic.

Dr. **Monica Tennberg** is a research professor at the Arctic Centre, University of Lapland, Finland. Her background is in political science; she studied at the University of Helsinki and the University of Lapland. She has studied international environmental cooperation in the Arctic, regional environmental politics and cooperation in Northwest Russia, and indigenous peoples as international political actors in the Arctic. She is also a member of the pan-arctic CAVIAR (Community Adaptation and Vulnerability in Arctic Regions) research consortium to study capacities to adapt to climate change in the Arctic, especially in Finnish Lapland. She leads a sustainable development research group at the Arctic Centre, University of Lapland and is the coordinator of the Barents International Political Economy (BIPE) researcher network.

Dr. Maria Tysiachniouk holds a Master of Sciences degree in Environmental Studies from Bard College, New York, a PhD in Biology from the Russian Academy of Sciences, and a Certificate in Non-Profit Studies from Johns Hopkins University. She is currently chairing the Environmental Sociology group at the Center for Independent Social Research, St. Petersburg, Russia and doing intense field research on global governance of natural resources, including forests and oil. Dr. Tysiachniouk has studied the role of trans-boundary environmental organizations in promoting forest certification in Russia, Belorussia, Brazil, South Africa, Western Europe and China.

Nafisa Yeasmin completed her Master's degree in Law in 2001 at Rajshahi University, Bangladesh and has taught at the university and college levels. She has lived in Rovaniemi for almost six years and has worked as a cultural mediator

and a teacher, as well as a language interpreter with immigrants, promoting tolerance, equality and cultural exchange. Her previous work experience has motivated her to begin her doctoral research to further study questions of national and European governance of migration in the North, in particular in the Finnish Arctic region. She plans to do her doctoral studies and a doctoral dissertation in international relations in the Faculty of Social Sciences, University of Lapland. She is a member of the sustainable development research group at the Arctic Centre, University of Lapland.

Stefan Walter's main research expertise is in the field of human reactions to changes, studied through social system theory and economics. In his dissertation on environmental social science, he researched the structure and dynamics of natural resource management and resource economics with a particular focus on sustainability and the potential governance of accelerating physical changes. Previous studies include environmental and economic sociology and integrated geography. The concept of adaptation, considered in different contexts, has been a major theme in all of his previous research. The current focus of his research is on environmental and resource economics on the basis of system, logical and subjectivist theory. He has published articles on resource management and economic affairs. He works as a researcher at the Arctic Centre, University of Lapland, Finland, in the sustainable development research group.

List of abbreviations

AO	Autonomous okrug
ACIA	Arctic Climate Impact Assessment
BEAC	Barents Euro-Arctic Council
BEAR	Barents Euro-Arctic Region
BEATA	Barents Euro-Arctic Transportation Area
BRC	Barents Regional Council
CLIMACT	EU Interreg project Regions for climate protection towards governance, from knowledge to action
CSO	Committee of Senior Officials
CPMR	Conference of Peripheral Maritime Regions of Europe
CSR	Corporate Social Responsibility
DESA	Department of Economic and Social Affairs, United Nations
DOT & PF	The Department of Transport and Public Facilities
EC	European Commission
EU	European Union
ENPI CPC	European Neighborhood and Partnership Instrument for Cross Border Cooperation
ERDF	European Regional Development Fund
FDI	Foreign Direct Investment
FEFU	Far Eastern Federal University
FSC	Forest Stewardship Council
GAD	Gender and development
GDP	Gross Domestic Product
GRP	Gross Regional Product
GOSKOMSEVER	State Committee on Social and Economic Development of the Northern Regions
HDI	Human Development Index
IBS	International Barents Secretariat
ICASS	International Congress of Arctic Social Sciences
ICC	Inuit Circumpolar Council
ICJ	International Court of Justice
ILO	International Labour Organisation
IPE	International Political Economy

IURT	Inter-Urban and Regional Transport
JEWG BEAC	Joint Energy Working Group of Barents Euro-Arctic Council
NArFU	Northern (Arctic) Federal University
NCM	Nordic Council of Ministers
NEFU	North-Eastern Federal University
NENET	Norrbotten Energy Network
NGO	Non-Governmental Organization
MEK	Finnish Tourism Board
MAMR	Ministry of municipalities and regions in Québec
MDEIE	Ministy of economic development, innovation and exports in Québec
OMON	Mobile Unit of Russian Police
ORV	Off-Road Vehicle
PEFC	Programme for the Endorsement of Forest Certification
PINRO	Polar Research Institute of Marine Fisheries and Oceanography
RC	Executive Regional Committee, Barents Regional Council
RF	Russian Federation
SibFU	Siberian Federal University
SITRA	Finnish Innovation Fund
SDWG	Sustainable development working group, Arctic Council
SME	Small and medium-sized enterprises
SOM	Society, opinion and mass media
STBR	Sustainable Transport in the Barents Region
TEKES	The Finnish Funding Agency for Technology and Innovation
TF	Task force
TP	Transport plan
TRB	Transportation Research Board
UIA	Union of International Associations
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UNFCCC	United Nations Framework Convention on Climate Change
USA	United States of America
USSR	Unites Soviet States of Russia

YLE	National broadcasting company in Finland
VTT	Technical Research Centre of Finland
WED	Women, environment and sustainable development
WID	Women in development
WG	Working group
WGIP	Working Group of Indigenous Peoples
WWF	World Wildlife Fund

List of illustrations

CHAPTER 1

Monica Tennberg, Larissa Riabova and Aileen A. Espiritu

INTRODUCTION TO POLITICS OF DEVELOPMENT IN THE BARENTS REGION

Sustainable development in the Barents Region

The goal of this book, "Politics of Development in the Barents Region", is to raise and support further debate on sustainable development in the Barents Region. The concept of sustainable development, based on the idea of fulfilling the needs of both current and future generations, is deeply embedded in global "developmentalism", which emerged after the Second World War as a dominant mode of governance (World Commission on Environment and Development 1987; Sachs 1991; Death 2010). Accordingly, development is often understood in terms of economic growth and welfarism: economic growth is needed to alleviate various social ills such as poverty, unemployment and other social concerns. Region-building in the Barents Region is connected to global efforts to advance sustainable development—a topic which is once again on the global agenda: the United Nations Conference on Sustainable Development (Rio +20) will be held this year to assess the progress since the United Nations Conference on Development and Environment (UNCED) held in 1992 in Rio de Janeiro, Brazil.

The Barents Euro-Arctic Region was established in the early 1990s to advance the political reconstruction of Northern Europe and support sustainable development in the region (Tunander and Stokke 1994; Dellenbrant and Olsson 1994; Pettersen 2002; Brynstad et al. 2004). The aim of this book is go beyond the study of regional institution-building for sustainable development. The book does not address how the regional potential has been turned into an "acting subject with a distinct identity, actor capability, legitimacy and structure of decision-making" (Larner and Walters 2002, 391) to advance sustainable development in the region. Instead this collection of chapters studies how the region has become "governmentalized" as a site of competing political, economic and legal rationalities and practices (Larner and Walters 2002, 423). A region from the perspective of governmentality emerges as a site of competing political strategies for sustainability and an instrument of government.

The Barents Region covers the northernmost parts of Sweden, Norway and Finland and Northwest Russia (see the Map 1.1) with some 5.2 million inhabitants altogether. In many respects, from the developmentalist point of view, the region has not reached its full development potential based on its natural and human resources and their exploitation (Lausala and Valkonen 1999; Statistics Finland and Goskomstat of Russia 2001; Brynstad et al. 2007; Siuruainen 2010). There has been, and still is, a considerable gap in human development across the borders in the Barents Region in terms of life expectancy, social security and various social concerns (Aarsaether et al. 2004; Duhaime 2008; Heleniak 2008; Riabova 2010). Natural resource-based development has several important consequences, both potentially positive and negative, for local communities and regional development. The challenge in the region is to find a balance between economic growth, human development and environmental considerations. Various development projects in the region could turn local communities into resource centres, "new frontiers" for mining, the oil and gas industry, and other industrially intensive ways of using natural resources (see Megatrends 2011).

The Barents Region is well known for its rich natural resources such as minerals, energy resources, timber and fish, which it provides to European markets. The region and its member-states are major trade partners of the European Union as a whole, but it is increasingly also seen as a gateway to global markets (Arctic Marine Assessment Report 2009, 98). The Barents Region is most often depicted as "a rich resource region" serving European and global markets, making this particular feature of the region a regional marker (see Larner and Walters 2002, 413). Developing regional governance – that is, political cooperation and regional networks – is important in terms of supporting economic growth, regional integration and investment in the region (see Nygaard 2001; Koleshnikov 2010; Svensson 1998). The region could develop into a more economically integrated region, for example, if Russian accession to the World Trade Organization finally becomes a reality (European Council on Foreign Relations 2012).

Despite almost 20 years of efforts of regional governance, the Barents Region has not yet emerged as a "transregion" (Wiberg 2009; see also Castberg 1994; Rautajoki 2003) – a functional economic region with internal relations that are stronger and more intensive than its external relations. Economic ties within the region remain weak, but they are much stronger to the European markets (Albu and Wiberg 1997; Wiberg 2002; Wiberg 2009). One of the

Map 1.1 The Barents Region


RUSSIA

challenges for regional integration is that the current regional transportation system is deemed to be under-developed and in need of heavy investment to serve increasing international demands for the region's natural resources. Furthermore, the fact that transportation routes run mainly from North to South means that they serve local needs and regional cooperation poorly (Kazantseva and Westin 1994; Nijkamp and Rodenburg 2011; Nielsen 2010).

From a regional perspective, sustainable development may have different meanings. Tackling past, current and future development in the region is a question of governance with multiple spatial linkages: local, sub-regional, national, European and global. Governance, in its broadest sense, is understood as the management of societal affairs by state and non-state actors together. Governmentality refers to the study of political rationalities, practices and the effects of governing as tactics of state power (Foucault 1991; Dean 1999). Regionalism, from this perspective, is an emergent art of international governance based on multiple, co-existing spatialisations, such as in Northern Europe (Larner and Walters 2002, 408; Adams 2011; Lehtinen 2003). Such regions are made up of visions of diverse and fragmented peoples and territories linked by multiple, often asymmetric, economic flows and networks (Larner and Walters 2002, 411). Regionalism is, in particular, a very limited mode of governance, based on governing through freedom. It sees regions as part of a global economic space: it aims at freeing the mobility of goods, capital and people in a region. Such regions govern themselves by interaction, communication and reform within and between authorities, companies and non-governmental organisations from a distance. From this perspective, a major threat is that sustainable development will be appropriated by economic rationalities, and specifically those of neoliberal doctrines of governance (Reid 2010).

Politics of development

Scholars of governmentality ask questions such as: What are the political rationalities driving the region-building? What kind of strategies and techniques of regional governance are used? What are the effects of power in region-building? The political aspect of governmentality is to problematize regional governance and its strategies for development. Politics and resistance are not the same: "politics is no more or less than that which is born with resistance to

governmentality", but it is not resistance per se (Foucault 2007, 390). Politics from this perspective is to ask "How to govern?" – a question both for those who govern and for those who are governed (Cadman 2010), not only as a question of effective governing but also as a fundamental question concerning the nature of governance. To answer these questions the book is divided into three parts: Rationalities of governing, Governance in practice, and Governing everyday life. The chapters analyse various regional rationalities, governance practices and their multiple effects on local and regional subjectivities. The contributing authors are specialized in regional studies, including both senior researchers and doctoral students; they represent different fields of expertise – international law, political science, and sociology – and thus offer diverse viewpoints on decision-making to resolve the social, economic, political and cultural challenges salient in the process of creating a region based on political will.

Part I Rationalities of governing

Chapter 2 by **Larissa Riabova** discusses Russian state northern policy, its transformations from the Soviet era to the present, and its possible implications for the Barents Euro-Arctic region cooperation. Riabova's analytical focus is on social outcomes for people living and working in the Russian North vis-à-vis Russia's northern policies. Such an approach gives an important people-oriented perspective on Russia's northern policy, as well as on its repercussions for the Barents Region cooperation, where the human dimension is one of the prioritized areas and, as it is claimed in the paper, forms the key driving force for Barents cooperation. The chapter presents shortcomings and criticism of the current Russian northern policy and suggests priorities and tasks for more systematic, socially oriented governance of the Russian North and promotion of cross-border cooperation in the Barents Region.

Chapter 3 by **Md. Waliul Hasanat** studies governance in the Barents Euro-Arctic Region (BEAR) from a legal perspective. The two bodies of cooperation in the BEAR, the Barents Euro-Arctic Council (BEAC) and the Barents Regional Council (BRC), were not conceived as the result of an international treaty, nor are they covered by the law of international organisations. These two entities have been closely connected since the beginning of regional cooperation and perform many activities together. The regional structure of governance has created a distinct situation in global governance. The chapter examines the

types of individual aims that the two bodies have in light of international law. The author suggests as a conclusion that these bodies form "a hybrid soft-law mechanism" for regional cooperation on sustainable development.

Chapter 4 by **Anna-Maija Matilainen** examines corporate social responsibility as a mode of governance, particularly in the forest sector in the Russian part of the Barents Region. Traditionally, the nation state has claimed to be the only source of law, but nowadays, various privately-established rules have started to govern the behavior of companies operating in the forest sector in Russia. The author studies the regulatory capacity of the forest companies and how the forest companies have promoted private regulation in the Russian forest sector. From a theoretical point of view, the chapter is linked to the discussion on legal pluralism, which challenges the perceived monopoly of the state in making and administering law. Instead, legal pluralism recognises the regulatory capacity of various non-state actors. According to the theory of legal pluralism, there may be several co-existing legal orders in the same social field.

In chapter 5, **Stefan Walter** presents climate change as a complex regional problem and aims to shed light on the processes that guide governance on climate change. The complexity of climate change governance is shown by introducing differing positions – including general governmental, legal, political, economic and scientific positions – and by contrasting varying expectations. This provides an opportunity to comprehend the rationality of politics as well as answer broader questions concerning scientific approaches which may lead to misunderstandings. The chapter is based on a logical approach in science which is somewhat in contrast to an empirical approach and which differs fundamentally from a critical approach, which is the usual basis for normative studies. Thus, the author seeks to correct the picture that emerges when political rationality enters as a norm in research thinking.

Part II Governance in practice

Chapter 6 by **Vladimir Didyk** explores the relations between local government and sustainable development in the Russian part of the Barents Region. The Kirkenes Declaration of the Foreign Ministers' Conference (1993) promoted sustainable development and stressed the importance of local institutions in the Barents Region. Nowadays, after almost two decades of reforming processes in Russia, one of the key institutions of democracy and national governance

systems – local self-government – is still in the process of formation. Moreover, the institution of local self-government in Russia is still the weakest link in the national governance system. The author discusses the characteristics of the formation process of local self-government in Russia and some of its specificities in the territories of the Russian part of the Barents Region, and estimates the current state and potential of local communities to realize the principles of sustainable development and participate in the Barents cooperation.

Chapter 7 by **Eini Laaksonen** aims at identifying the key challenges of Finnish business projects in the Murmansk region. The chapter takes the form of a literature review, first by discussing the economic development of the Murmansk region, secondly by investigating the theoretical literature concerning international project marketing, and thirdly by analysing earlier studies on business experiences in Russia and particularly in the Murmansk region. Supporting international business cooperation and the presence of foreign companies in Murmansk in the fields of environmental technology, waste treatment, and heat and electricity distribution could not only increase the region's economic activity but also contribute to its sustainable development through knowledge transfer and joint innovation creation. The conclusions of this review create a basis for deeper empirical studies concerning the perspectives particularly of Finnish companies in the Murmansk region.

Chapter 8, by **Luc Ampleman**, deals with transportation planning in the Far North, aiming to identify the main challenges of sustainable mobility planning in the Arctic. The author identifies some of the main barriers and avenues in regional transport planning. According to the author, the most common indicators developed to assess and monitor sustainable mobility remain car-centric, south-oriented and frequently do not fit the Arctic context. Secondly, transport plans, strategies and policies are in many cases structured like narratives, and more precisely like "fairy tales", but pragmatic, future-oriented narratives by various stakeholders help to develop "Arctic region-building" around concrete Northern transportation issues. Thirdly, Arctic transport planning must be undertaken by more elaborated and specially adapted "Arctic sustainable transport indicators" and by facilitating the broad participation of all stakeholders concerned by transportation. The Barents Euro-Arctic Region constitutes a good laboratory to build consensus around "the mobility narration" and "sustainable indicators".

In chapter 9 **Maria Tysiachniouk** examines the certification systems

in the supply chain from Russia to European paper markets that ensure consumer confidence in the production processes. The chapter studies different understandings of trust by managers, buyers and consumers. The author claims that the lower the unit is in the chain of custody and the closer it is situated to the logging sites, the more the managers' construction of trust is narrow, minimal, and ultimately reduced to ensure "normal" business. The differences observed in the constructs of trust in various units of the chain can be explained by two reasons: first, the challenges faced by each individual unit, and second, the value system of managers at every level. Therefore, at logging sites in Russia, intangible values – such as environmental friendliness and social responsibility, which are the most important for the end users – do not appear in the narratives, being replaced by a purely instrumental approach in which trust is equivalent to the national standards and requirements of the process of production.

In chapter 10 **Karolina Banul** analyses renewable energy policies in the Barents Region. Investment in research, technology development and commercial projects related to renewable energy has been growing gradually in the Barents Region during the last decade. This chapter analyses the development of renewable energy policy measures in the context of national energy and climate policies by studying official documents, statistics and media material. The results of the analysis demonstrate a complicated structure of policies that involve various agencies within the public sector, business, and civil society in regional energy governance. These findings imply that the development of renewable energy sources at regional level is determined by national politics and interests, as well as by pressure from international or super-national organizations. Nevertheless, configurations of interest, practices, political engagement and the capacity to influence the development of renewable energy vary across the cases studied in the Barents Region.

Part III Governing everyday life

Chapter 11 by **Nils-Gustav Lundgren** focuses on globalization in everyday life in Northern Sweden. The author investigates the actual "degree of globalization" among the citizens of Northern Sweden at the individual level. The questions to be answered are the frequency of travel abroad, contacts with people from other countries, and the use of other languages than Swedish at work as well as at home. Are there obvious differences in globalisation

between the genders, people from towns and villages of different sizes, people with different educational backgrounds and different occupations? A final question is what individual attributes characterise the positive or negative values of globalization for the northern Swede. The study is based on data from a questionnaire answered by almost 5000 individuals living in the four northernmost counties of Sweden in 2008 and 2010.

In chapter 12 **Soili Nystén-Haarala** and **Antonina Kulyasova** study traditional Pomor communities that are dependent on fishing in the Arkhangelsk region, near the White Sea. Although fish resources have for centuries been owned by the state, fishing has, in practice, been quite free for people who live in the countryside and who are dependent on natural resources. The market economy has, however, introduced changes which have brought more users of natural resources to remote areas and pushed local people who are dependent on fishing out of the group of legal users of local natural resources. The case study shows that changes in legislation and intensified use of natural resources threaten the traditional livelihood of the Pomors and have transformed them from traditional users of natural resources into poachers. This clash of traditional rights and new legislation has stimulated Pomor ethnic identity and led to a political movement of Pomors to struggle for their lost fishing rights, as well as informal resistance against formal legislation.

Chapter 13 by **Nafisa Yeasmin** focuses on immigrants and their experiences in everyday life in Northern Finland. First, the author presents some statistical information on the growth of immigrants in the city of Rovaniemi, Finland. Then she discusses local attitudes toward immigrants and the challenges faced by immigrants in coping in a new environment. The chapter is based on a review of literature, participant observation and the personal experiences of the author, who has lived and worked as an immigrant in the city of Rovaniemi for almost a decade.

In chapter 14 **Heidi Sinevaara-Niskanen** studies the connections between development, economy and gender in the Barents Region. Environmental changes, new economic opportunities and changes in social and demographic structures in the region also have gendered implications for the future of the Barents Region. This chapter aims at illuminating and discussing, through political statements and administrative plans and strategies, how the North and the Barents Region are perceived and hoped to be from a gender perspective. What is the relationship between the aims of achieving sustainability (development),

prosperity (economy), and social equality (gender)? The chapter also engages in feminist and development discussions emphasising especially questions of (gendered) agents in development, the economy and intersectional analysis.

The final chapter, by **Monica Tennberg**, **Aileen A. Espiritu**, **Larissa Riabova** and **Julian Reid**, draws together some general findings of the chapters and proposes some directions for future research concerning the region and its development.

The background of the book

The book is based on multidisciplinary research cooperation between Nordic and Russian researchers. The collaboration took place in four workshops in Rovaniemi, Finland (2010 and 2012), Kirkenes, Norway (2011), and Apatity, Russia (2011). In addition, some researchers from the network participated in two international conferences "Complex Gaze at a Complex World: Challenges of Comparison in Social Research" held in St. Petersburg in 2012 and "The North and the Arctic in the new paradigm of world development; Luzin Readings - 2012" in Apatity. The partners in the researcher network are: the Barents Institute, University of Tromsø, Norway (Aileen A. Espiritu); the Centre for Regional Studies, University of Umeå, Sweden; the University of Technology in Luleå, Sweden (Nils-Gustav Lundgren); the University of Eastern Finland (Soili Nystén-Haarala); and the Arctic Centre, University of Lapland, Finland (Monica Tennberg). Research professor Monica Tennberg, from the Arctic Centre, was the coordinator of the network. The Russian experts came from the Luzin Institute for Economic Studies, Kola Science Centre of the Russian Academy of Sciences (Larissa Riabova and Vladimir Didyk), and the Centre for Independent Social Research in St. Petersburg (Maria Tysiachniouk). The researcher network was funded by Nordforsk (2010-2012). This book is the main result of the researcher network and its activities. Especially, the book presents a new generation of young researchers and their interests in studying the Barents Region and its development. An editorial team was responsible for the reviewing and editing process. The members of the editorial team were Monica Tennberg, Larissa Riabova, Maria Tysiachniouk, Nils-Gustav Lundgren and Soili Nystén-Haarala.

References

AALBU, H. & WIBERG, U. (1996). How may institutional regionalisation promote regional development? In J.A. Dellenbrant & U. Wiberg (Eds.), *Euro-Arctic curtains, pp. 77-104*. Umeå: CERUM.

AARSAETHER N., RIABOVA L. & BARENHOLDT, J.O. (2004). Chapter 8. Community viability. In *Arctic Human Development Report*, pp. 139-154. Akureyri: Stefansson Arctic Institute.

ADAMS, P.C. (2011). Multilayered regionalization in Northern Europe. *GeoJournal*. DOI 10.1007/s10708-011-9408-8.

ARCTIC MARINE SHIPPING ASSESSMENT REPORT (2009). Retrieved April 24, 2012, from http://arcticportal.org/uploads/4v/cb/4vcbFSnnKFT8AB5lXZ9_TQ/AMSA2009Report.pdf.

BRUNSTAD, B., MAGNUS, E., SWANSON, P., HØNNELAND, G. AND ØVERLAND, I. (2004), *Big oil playground, Russian bear reserve or European periphery? The Russian Barents Sea Region towards 2015*. Delft: Eburon.

CADMAN, L. (2010). How (not) to be governed: Foucault, critique and the political. *Environment and Planning D: Society and Space* 28, 539-556. DOI:10.1068/d4509.

CASTBERG, R. (1994). Economic cooperation: Potentials and problems in Northwest Russia. In O. Tunander & O.S. Stokke (Eds.), *The Barents Region: Regional Cooperation in Arctic Europe*, pp. 101-114. London: Sage.

DEATH, C. (2010). *Governing Sustainable Development: Partnerships, Protests and Power at the World Summit*. London: Routledge.

DEAN, M. (1999). *Governmentality. Power and rule in modern society*. London: Sage.

DELLENBRANT, J.A. & OLSSON M.-O. (Eds.) (1994). *The Barents Region. Security and Economic Development in the European North*. CERUM: Umeå.

DUHAIME, G. (2008). Economic and social conditions in the Arctic. In S. Glomsrød & I. Aslaksen (Eds.), *The Economy of the North 2008*, pp. 11-23. Retrieved April 17, 2012, from http://www.chaireconditionautochtone.fss.ulaval.ca/documents/pdf/ECONOR-2.pdf.

EUROPEAN COUNCIL ON FOREIGN RELATIONS (2012). *Trade liberalisation with Russia*. Retrieved April 18, 2012, from http://www.ecfr.eu/scorecard/2012/russia/13.

FOUCAULT, M. (1991). Governmentality. In G. Burchell, C. Gordon and P. Miller (Eds.), *The Foucault effect. Studies in governmentality*, pp. 87–104. With two lectures by and an interview with Michel Foucault. Chicago: The University of Chicago Press.

HELENIAK, T. (2008). Changing Settlement Patterns across the Russian North at the Turn of the Millennium. In *Russia's Northern Regions on the edge: Communities, industries and populations from Murmansk to Magadan*. Helsinki, Finland: University of Finland Press.

KAZANTSEVA, N. & WESTIN, L. (1994). Missing Networks in "the missing region" - The challenge of infrastructure development. In J.A. Dellenbrant & M.-O. Olsson (Eds.), *The Barents Region. Security and economic eevelopment in the European North*, pp. 105–124. Umeå: CERUM.

KOLESNIKOV, N. (2010). *Foreign investment as an indicator of economic cooperation in the Arctic Region: Case of the Russian North*. Retrieved April 17, 2012, from http://www.nrf.is/images/stories/presentations/calotte_2010/nikolai_kolesnikovforeign_investement_as_an_indicator_of_economic_cooperation_in_the_arctic_region.pdf.

LARNER, W. & WALTERS, W. (2002). The political rationality of "new regionalism": Toward a genealogy of the region. *Theory and Society* 31(3), 391–432. DOI: 10.1023/A:1016255120209.

LAUSALA, T. & VALKONEN, L. (1999). *Economic geography and structure of the Russian territories of the Barents Region*. Rovaniemi: Arctic Centre.

LEHTINEN, A.A. (2003). Mnemonic North: Multilayered geographies of the Barents Region. In F. Möller & S. Pehkonen (Eds.), *Encountering the North: Cultural geography, international relations and Northern landscapes*, pp. 31–56. Aldershot: Ashgate.

NIJKAMP, P. & RODENBURG, C. (2011). *Mainports and gateways in Europe: A comparative contrast analysis for the Nordic area*. Retrieved April 17, 2012, from http://www.geo.ut.ee/nbc/paper/nijkamp_rodenburg.htm.

NIELSEN, T. (2010). Border crossing exercises. In A. Staalesen (Ed.), *Talking Barents. People, borders and regional cooperation*, pp. 47–62. Kirkenes: International Barents Secretariat.

NYGAARD, V. (2001). *Foreign trade in the Barents Region. Experienced by Russian companies in the Murmansk region.* NIBR report 7. Oslo: NIBR.

MEGATRENDS (2011). Stockholm: Nordregio.

PETTERSEN, O. (2002). *The vision that became reality. The Barents regional cooperation 1993-2003*. Kirkenes: The Barents Secretariat.

RAUTAJOKI, T. (2003). Barents business cooperation. In S. Katila, M. Kulmala & L. Päiviö (Eds.), *Murmansk. New Possibilities in the Barents Region*, pp. 78–81. Helsinki: STETE.

REID, J. (2012). The debased and politically disastrous subject of resilience. *Development dialogue* 58, 67–80.

RIABOVA L. (2010). Community viability and well-being in the circumpolar North. In L. Heininen & C. Southscott (Eds.), *Globalization and the Circumpolar North*. Fairbanks, Alaska: University of Alaska Press.

SACHS, W. (1991). *The development dictionary. A guide to knowledge as power*. London: Zed Books.

SIURUAINEN, E, (2010). *Barentsin alueen uusiutuvat rakenteet. Suomalaisten yritysten toimintamahdollisuuksista Luoteis-Venäjällä.* Retrieved April 17, 2012, from http://www.tem.fi/files/29016/Barents_web012011.pdf.

STATISTICS FINLAND & GOSKOMSTAT OF RUSSIA (2001). *The Arctic Treasure. Facts and figures on the undiscovered Barents Region*. Helsinki: Statistics Finland.

SVENSSON, B. (1998). *Politics and business in the Barents Region*. Stockholm: Fritzes.

TUNANDER, O. & STOKKE, O.S. (Eds.) (1994). *The Barents Region: Regional Cooperation in Arctic Europe*. London: Sage.

WIBERG, U. (2002). From visions to sustainable practices. In O. Pettersen (Ed.), *The vision that became reality. The regional Barents cooperation 1993-2003*. Kirkenes: Barents Secretariat.

WIBERG, U. (2009). *Outlook on the Barents cooperation*. Retrieved April 17, 2011, from http://www.bbsr.bund.de/cln_032/nn_82470/BBSR/EN/Publications/IzR/2009/Downloads/DL__Wiberg,templateId=raw,property=publicationFile.pdf/DL_Wiberg.pdf.

WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT (1987). *Our common future*. Retrieved April 17, 2012, from http://www.un-documents.net/wced-ocf.htm.

PART I

Rationalities of governing

CHAPTER 2

Larissa Riabova

STATE POLICY IN THE RUSSIAN NORTH, ITS SOCIAL OUTCOMES AND THE BARENTS COOPERATION

Introduction

Russia is, and has been for centuries, the largest northern country in the world in terms of the area of her northern lands. These huge areas have demanded special approaches, and the Russian state, during its history, has applied more or less specific policies in relation to its northern territories. These policies shifted from exploration and colonization in the 17th–19th centuries to conquering the North during the early Soviet period and intensive industrialization later in the Soviet era, and then to depressing policies in the post-Soviet period of the 1990s and subjection of the North to standard federal policies in the 2000s. Nowadays, we are witnessing a trend of re-asserting Russian national interests in this vast region and the shaping of a new model of northern policy; one of the major factors influencing the process is a growing global interest in the North and the Arctic, due largely to rich hydrocarbon resources, aqueous biological resources, and other forms of strategic raw materials in these territories.

The latter shifts in Russia's policy concerning her northern regions that took place after the 1990s occurred against the background of major systemic changes in the country. These changes have often been described by political economists as a transition from totalitarian socialism with a paternalistic model of relations between state and society to a liberal one entailing reduced state intervention in the economy and public services, and then in the 2000s to neoliberal solutions in some spheres, though this process in Russia has been surrounded by controversy (Rasell 2009, 92) and obviously is not a clear-cut case. In terms of political economy, I consider it appropriate to understand the transformations of Russia's northern policy in post-Soviet times as a transition from socialist state paternalism to a mixed model with liberal and neoliberal features (Granberg and Riabova 1998, 191–192; Rasell 2009, 91). This article does not go deeply into the theoretical aspects of the processes which are the

theme of the paper, but it is important to keep these considerations in mind as a navigational tool to follow through the paper.

In a geopolitical context, the domestic northern policy of the Russian state has a significant effect on international activities in the North and the Arctic, including Barents Euro-Arctic region cooperation, which is often considered to be one of the most successful international political interactions in the Circumpolar North involving Russia. The role of Russia on the global Northern and Arctic stage is not minor; moreover, some analysts believe that today Russia and energy produced in the Russian North are the central factors shaping the geopolitical picture of the Arctic (Geopolitics in the High North 2009, 1). In this respect, understanding the content of Russia's current policy towards her northern and arctic territories, as well as the direction of potential changes, is important for setting political, economic, environmental and social priorities for the international agenda in the Circumpolar North, including the Barents cooperation, in both the short and long terms.

This article deals with the transformations of the Russian Federation's state policy towards its northern territories, the latest developments, possible implications for the Barents Euro-Arctic region cooperation, and the need for change. The paper will not deal with hydrocarbon mega-projects or the Northern Sea Route shipping plans of the Russian state. Various aspects of the state's northern policy through different periods are analyzed, but the primary focus is on the social outcomes of these policies for the people who live and work in the Russian North. This approach gives an important people-oriented perspective on northern policy transformations in Russia, as well as on the repercussions for the Barents Region cooperation, in which the human dimension is one of the prioritized areas. This approach suggests that the success of any regional policy should not be measured merely by the growth of economic activity, nor only by the amount of resources extracted on the territory of the region or the trade in other market goods meant to serve the needs of the rest of the country. Social outcomes, the development of the human potential of the territory which is under the state policy, are measures of success that provide better balance, justice and sustainability, and they form the core idea and point of departure for this paper.

In the first part of the paper, to establish the context, I examine the transformations of the state's northern policy in the socialist era and in post-Soviet times. In the second part, the current Russian policy towards her

northern regions is analyzed, and, as in the previous part, it is done through the prism of the effects of the policy on northern residents in terms of demographic developments, living standards and the well-being of the population. The most acute social problems for inhabitants of the Russian North are identified and their causes are indicated. In the third part of the paper the northern policy of the Russian state is discussed in relation to the Barents Euro-Arctic region cooperation. The idea that human development is the major driving force for further progress in the Barents cooperation is discussed and supported. Finally, I try to answer the question "What kind of state policy does the Russian North need today?" The shortcomings of the current northern policy of the Russian state are highlighted and criticism is presented; priorities and tasks are suggested for federal and regional authorities that would make state policy in the North more systematic, sustainable, socially oriented and promote cross-border cooperation, including the Barents cooperation.

The statistical data used in this article, unless specified otherwise, are taken from the official yearbooks of statistics of the Federal Service of State Statistics of Russia (Rosstat) and its territorial division in the Murmansk region (Murmanskstat).

Having been a northerner for most of my life, I present opinions from the North. My northern perspective was an important factor during the writing of this paper, keeping me focused and enthusiastic throughout the process.

The state northern policy in the socialist era

The Russian North - Regional structure, population and economic significance

In accordance with federal legislation, the Russian North is perceived as the territories belonging to the Far North and territories equivalent to the regions of the Far North.[1] Its administrative boundaries today encompass 12 regions completely and incorporate parts of 11 other regions, altogether 23 administrative regions of the Russian Federation (Severcom 2010). Russia's northern territories account for more than 65% of her total land area. This vast region provides huge economic benefits and considerable strategic advantages

1 *Krainiy Sever i mestnosti, priravnennye k raionam Krainego Severa.*

for Russia. About 80% of the country's natural resources – oil and gas, base and precious metals, forests, fish, etc. – are concentrated in the North. Mainly on the basis of the export of raw material, the northern regions contribute about 25% of the Russian gross domestic product (GDP) and 50-60% of the income in the federal budget (Oleinik 2008, 14). It is also a region of great strategic importance hosting numerous military bases, including a submarine fleet.

The population of these 23 regions – in Russian legislation referred to as northern subjects of the Russian Federation – is about 24.6 million people (data from the beginning of 2011) (Rosstat 2011a), or 17.2% of the total population of the country. The Russian North is populated by indigenous peoples, old-timers (Russians, Ukrainians, Byelorussians and members of other ethnicities who came to the North in early and later waves of colonization or who were exiled forcibly and who have lived there for many generations), and newcomers: first-, second- and third-generation immigrants. The total northern indigenous population is 1,771,000 people, or 7.2% of the total northern population.[2] Among them, forty indigenous groups which have fewer than 50,000 members are recognized by Russian legislation as "indigenous small-numbered peoples of the North, Siberia and Far East"; in total these groups include 251,900 people – as much as 1% of the population of the North. It is not possible to count the number of old-timers with total accuracy; some studies estimate their number at about 3.3 – 4.3 million people, or 13-17.5% of the northern population (Zaidfudim 2003, 90). Thus, newcomers – the first-, second- and third-generation immigrants – form the majority (75%) of the population of the Russian North.

The group of twelve administrative regions that are fully encompassed by Russia's North includes the Republics of Karelia, Komi, Tyva, Sakha (Yakutia), Khanty-Mansi, Chukotskiy and Yamalo-Nenetskiy Autonomous Okrugs (AO), the Arkhangelsk region (including Nenetskiy AO), the Murmansk, Magadan and Sakhalin regions, and Kamchatskiy krai (Severcom 2010). The population of these twelve "entirely northern" regions is 7.9 million people, or 5.5% of the country's population. Among them, some of the regions are considered to have a longer history of habitation and development: Murmansk, Arkhangelsk, Kamchatka, Magadan, the Sakhalin regions, and the Republics of Karelia, Komi and Sakha.[3]

2 Calculated by the author on the basis of data from Severcom, 2010: http://www.severcom.ru/nations/.

3 The other eleven regions that have part of their territory in the North are the Republics

With such a small population, this group of twelve regions contributes the lion's share of Russia's northern GDP and is responsible for more than 20% of the total GDP produced in the Russian Federation. This proves the extreme importance of these twelve northern regions for the economy of the whole country. It also makes it clear that the comparatively small population of these northernmost regions creates tremendous economic benefits for Russia. For decades, most of these regions have contributed a per capita input to the national GDP that far exceeds the national average, and statistics show that the average contribution of one employed person in these northern regions to state revenues is almost three times higher than contributions in the rest of the country (Oleinik 2008, 15).

The state northern policy during Soviet time – From conquering the North to industrialization

With certain reservations it is possible to say that Russian state policy first got a northern dimension in 1580, when the colonization of Siberia began. After the first wave of colonization, which continued throughout the 17th-19th centuries, the Russian North remained weakly explored and sparsely populated. The second wave of colonization took place in 1920-1950, when the young Soviet state expanded its administrative and economic power over the vast territories of the North, promoting the idea of "the Soviet conquest of the North", concentrating financial, material, technical and human resources, and forcefully directing them to create Soviet industry in the North (Shirokov 2009, 5-6). In the 1920-1930s the GULAG structure (the Main Administration of Camps) was the primary organizational form of the Soviet state's northern policy. The state granted broad powers in new territories to this institution of coercive power. Camp-type organizations based on the forced labor of hundreds of thousands of prisoners (*Dal'stroy, Noril'lag* and others) were the main actors realizing the goals of the totalitarian state in the North (Pelyasov 2009, 509). For example, on the Kola Peninsula in the 1930s twenty-seven camps existed, and the forced labour of more than 200,000 prisoners (who were often called *spetspereselentsy* – "forcefully resettled people") out of a total population of about 300,000 inhabitants was used to build mines, roads and

of Altai and Buryatiya; Zabaikal'skiy, Krasnoyarskiy, Permskiy, Primorskiy, Kharbarovskiy krais; Amursk, Irkutsk, Tomsk and Tyumen oblasts (Severcom 2010).

chemical and metallurgical factories (Memorial Chibiny 2005, 2; Kol'skaya Entsyklopedia 2008, 69-71). During this period, especially in the 1930s, the state put a remarkable effort into exploratory expeditions and scientific research in the North; this period was marked by a general spirit of glorification of the North and the Northern hero-explorers: O. Shmidt, I. Papanin, V. Chkalov, and V. Gromov. In the 1930s specific policies based on a system of northern benefits were introduced by the state to stimulate the flow of a free labor force to the northern regions.

The third and largest wave of colonization and conquest of the Soviet North began in the early 1950s. It was extremely industrial in nature and was based on the large-scale extraction of "cheap" northern resources. The main features of this period were extensive economic development, substantial state support for northern industries and regions, the explosive growth of industries, intensive labour, and uneven social development throughout the northern regions (Vityazeva and Kotyrlo 2007, 19). During this period, special social policies aimed at attracting people to the North and drawing on the recognition of northern specificities were actively introduced by the state. These policies included high wages, pensions and stipends for students supplemented by the so-called "northern coefficient" *(raionnyy koeffitsient)* to compensate for higher prices and uncomfortable climatic conditions; northern wage increments (*severnye nadbavki*) to motivate workers to stay in the North for longer periods; good delivery of consumer goods; and guaranteed northern benefits including free annual travel outside the North, longer periods of leave from work, improved pension rights, compensation for travel expenses to get medical treatment outside the North, and some other benefits.

State social policy in the North was part of the comprehensive socialist welfare system established in the Soviet Union. Going far beyond the standard social policy in terms of benefits for the population, the northern social policy ensured that living standards, at least in respect of personal income, in the North were much higher than in other parts of the Soviet Union, even if differences related to types of northern regional and local economies and types of settlement structure or levels of remoteness existed: less remote industrial and urban areas were better off than remote agricultural rural districts.

The 1970s-1980s can, with certain reservations, be described as the "golden age" of the Soviet North. This characterization is based, first of all, on the high living standards in terms of income, the comprehensive system of

northern social benefits, and substantial and regular – though insufficient – state investments in the northern social infrastructure, supplemented by the so-called "departmental social infrastructure" (*vedomstvennaya infrastructura*) that belonged to industrial enterprises. During the late Soviet period, in the 1980s, the wage level in the North was two to four times higher than in other regions, and northern workers, especially in industrially developed regions, were provided with necessary public services either in their regions of residence or elsewhere (Granberg and Riabova 1998, 178). For instance, all northern industrial enterprises had health resorts (*sanatoriums*) for their workers in southern Russia where the personnel and family members could stay during the holidays either for free or for a very modest sum. Secondly, the "golden age" of the Soviet North during this period is also associated with the preservation and taking into consideration by state policies of many fundamental characteristics of the North as a distinct region, even though in many other cases the Soviet state tended to unify and decrease the country's regional diversity. Thirdly, this period was marked by recognition and respect for people living and working in the harsh conditions of the North. It is worth mentioning that it was a time when the North was romanticized, and many well-known movies, songs and poems inspired by Soviet northern romanticism were created during this time. One example is the poem "*Severnaya nadbavka*" by the famous Soviet poet E. Evtushenko, which begins with the following lines[4]:

> *What is this high northern wage paid for?*
> *For the indented with the frost eyes,*
> *For the skin scratched with ice,*
> *For an almost empty rucksack,*
> *For this endless snowy track…* (Evtushenko 1977)

Official recognition and state support, along with the societal norm of a respectful attitude towards northerners, was regarded as fair by the population of the North and those living elsewhere. The underlying narrative in Soviet times was that "Russia has benefited from the efforts of northern inhabitants and should therefore compensate the hardships that they endured" (Rasell 2009, 100). At the same time, on the other hand, state paternalism, societal respect and northern romanticism were whimsically intertwined with colonial attitudes

4 Translation by L. Riabova.

in relation to the North. At the state level, the colonial model of thinking, which can be summarized as "the North serving the country", prevailed. This means that the extraction of northern natural resources to serve the needs of the rest of the country was the primary goal of development in the North. N. Thompson describes this model as the "moral economy" of sacrifice and entitlement that framed a Northerner's residence as sacrificial service to the country (Thompson 2004).

Settlement of the North was closely connected with the principal resource areas. The majority of new settlements were built in close proximity to major oil and gas fields or around a single resource-based enterprise. Thus a considerable part of the northern economy was connected with mono-industrial towns. The use of natural resources did not meet sustainability principles, and many northern areas became extremely polluted and over-harvested, with some areas sadly leading the world in this respect. The social infrastructure remained under-developed in comparison with that in the central regions since its initial level was very low or non-existent, and it was financed in accordance with the so-called residual principle (*ostatocnhyi printsip*), which implied that it was secondary in importance to industries. The biggest problem of the state northern policy during the Soviet period was the lack of a comprehensive multidimensional approach to socio-economic development in the North and the prioritization of economic and strategic military functions instead of balancing ecological, economic and social goals to make development of the northern territories sustainable.

In the public consciousness the idea of a temporary stay in the North for work dominated. This had an impact on many aspects of northern development. The use of natural resources broke the principles of sustainability, and the development of social infrastructure lagged behind the realization of industrial projects. The provision of goods and services, especially in remote settlements, was quite poor, compared with the relatively high northern incomes. So-called "delayed consumer demands" (*otlozsennyi spros*) for goods and services, when a large part of the demand for goods and services could be satisfied only outside the northern regions during vacation time, occurred. This state of affairs was unprofitable, creating an imbalance in interregional exchange, as a large part of the money earned in the harsh conditions of the North flowed to the already relatively well developed social sphere of the central regions.

However, in other respects the Soviet period of conquering and industrializing the North brought mixed but impressive results. In Soviet times more than half of the towns in the North were established: 66 out of 124 (Trunova 2005, 2). From 1925 to 1990 the population of the entire North and Far East increased six times, from 4.7 million people in 1925 to 27.9 million in 1990. The population of the regions fully encompassed by the North in 1959–1989 doubled and grew from 5.3 million people to 9.6 million (Zaionchkovskaya 2003, 22). Thus, judging by the indicator of population growth, the Soviet conquest and industrialization of the North may be considered a triumph.

Post-Soviet northern policy of the 1990s – Powerless ruling, depressing results

In the beginning of the 1990s the government of the Russian Federation started market reforms based on price liberalization, the privatization of state enterprises and free external trade as part of a general process of liberalization. The Russian North began the transition to a market economy as well, and the main principle of the federal northern policy was announced as state protectionism towards the North during the transition period. To a great extent the proclaimed state protectionism was an inert continuation of rhetoric from the late Soviet period, the 1970s – 1980s, when the state northern policy was characterized by strong state paternalism. The major aim of the policy was announced as state support for the dramatically declining living standards of the northern population.

Trying to resist a break-down of inter-regional coordination and to coordinate northern policy in the state, which was almost falling apart, as well as to withstand a crisis of fuel and food supplies to the North, the Russian government made an important institutional decision: in 1990 a new federal body the Goskomsever – the State Committee on Social and Economic Development of the Northern Regions – was established in Moscow. Such a special northern policy institution (the Committee of the North) had previously existed for a brief period in early Soviet times from 1924 to 1935. The main functions of the re-established Goskomsever were the coordination of shipments of fuel and goods to the northern regions, indigenous affairs and northern research. Its impact on the situation in the northern regions was limited, since it could not overcome under-financing, which was the major problem in the 1990s affecting

all sectors of the national economy and regions of Russia. However, its existence signified governmental recognition that the North required special state policies (Rasell 2009, 98), and its role in forming a legislative framework for state policy in the North in the new market economy was important.

In the 1990s intensification of the legislative process in relation to the North took place due to the necessity of transforming the state northern policy under new market conditions. No fewer than 15 governmental lawmaking documents on the North were adopted during this decade, with many initiated, worked out and supported by the Goskomsever or by its partner organizations: academic institutions, parliamentary committees, etc. The most important of them were the following Federal Laws: "On the state guarantees and compensations for individuals working and living in the regions of the Far North and equivalent areas" (1993), "On fundamentals of the state regulation of socio-economic development of the Russian Federation's North" (1996), and "Concept of state support of economic and social development of the northern regions under new economic conditions" (worked out in 1998–1999 and adopted in 2000). Due to this work, by the late 1990s the system of state support of the North under new market conditions was conceptualized and enshrined in law. Its main directions were established as follows: i) re-defining the boundaries of the Russian North, ii) state support for northern transport systems and principal enterprises, iii) re-consideration of the system of northern benefits, iv) social support for the indigenous population, v) financing of programs for the resettlement of the northern population in the central regions of Russia.

However, despite numerous laws that were intended to stabilize the situation in the North, their usefulness was undermined by the non-payment crisis. Only a very limited number of legal measures were put into practice fully. The proclamations of state protectionism could not be realized due to the extraordinarily complicated economic situation in the country, characterized by hyperinflation and the collapse of industrial production, which resulted in an extreme lack of financial resources at all levels of government and severe budget constraints. All parts of the general concept of state support for the North under market conditions failed to be realized: the boundaries of the Russian North continued to be discussed; the system of northern benefits for the population remained almost unchanged, though not fully funded by the state; social support for the indigenous population and programs of population re-settlement to the central regions, though planned, suffered from a luck

of funding. The state northern policy of the 1990s was reactive, tending to respond to socio-economic crises by drawing on the old Soviet approaches rather than suggesting new solutions, though, of course, it can be questioned whether proactive approaches were even possible, given the circumstances of systemic crisis in the country. The northern policy of the state mirrored the crisis situation in the whole country, and it is no wonder that it failed to provide state protection for the northern regions.

In addition to the introduction of democracy and a market economy, Russia went through rapid decentralization, which was not entirely the product of a conscious strategy of devolution of power to the regions, but also the result of the declining capabilities of the federal center (Blakkisrud and Honneland 2006, 14). Many social responsibilities were shifted to the regional and local levels, which were not provided with sufficient financial resources. The northern regions, being particularly disadvantaged in the transition to a free market due to their climatic and socio-economic specificities, could not effectively adapt to new conditions in the absence of federal support. In the 1990s the social situation in the northern regions worsened sharply. Much has been written about the transformational destruction of the 1990s and the dramatic declines in living standards across Russia and her northern regions (see, for example, Granberg and Riabova 1998; Thompson 2004; Vityazeva and Kotyrlo 2007; Rusell 2009; Riabova 2010). Due to the steady reduction of governmental allocations and constant under-financing of the North, accompanied by enormous rises in prices starting in 1992, the living standards of the northern population decreased dramatically, life expectancy fell, and unemployment and out-migration to central regions of the country increased considerably.

The fall in living standards and the deterioration of the demographic situation in the North were more extreme than in Russia on the average. For example, during the 1990s, in Chukotka real personal incomes dropped by 50 times and in Kamchatka by 25 times; meanwhile, the most serious drop in real incomes in the central regions of Russia was 17 times (Zaionchkovskaya 2003, 22). Out-migration started in 1989 in all northern regions, and in the 1990s migration losses totaled 130,000 people annually (more than 1% per year). In total, from 1990 to 2000, the twelve regions fully encompassed by the Russian North lost about 1,300,000 people (13.5% of the population) (Oleinik 2008, 15). The highest migration loss was experienced by the Chukotka region, which lost about 70% of its population; by the end of the decade,

the number of inhabitants in the region had dropped to the same level as in 1959. Magadan region lost more than 50% of its population; in the Murmansk region, Kamchatka and Sakhalin, population losses were almost 25% of the regional population.

The powerlessness of the government's policy was devastating: "the triumphant Soviet North was abruptly turned into the depressing post-Soviet North" (Golovnev 2000–2001, 22). In the interviews I conducted with people living in different places in the Russian North, bitter views like the following were often expressed: *"Northerners who recently were heroes of the country and well-off winners became forgotten losers."* The end result of the powerless state policy in the 1990s was the rapid uncontrolled destruction of human potential in all of the northern regions of Russia.

Russia's northern policy in the 2000s and the current situation

Standard state policy for the non-standard North

Since the end of the Soviet era, during the years of market reform, the economic and social position of the Russian North has changed considerably. On the one hand, its economic importance for the nation has risen due to an increase in the role of the fuel and energy complex for the country's economy; these sectors have become extremely important. On the other hand, by the end of the 1990s the Russian North had become a land of severe economic, social and environmental problems requiring immediate solutions. The general situation in the country was close to chaotic with deindustrialization hitting all regions of Russia, some regions refusing to pay taxes to the federal budget and some threatening to leave the Federation, and enterprises and the population severely battered by the financial crisis of 1998. The presidency of Vladimir Putin, which started in 2000, began a new stage of national development. The creation of a strong "power vertical" and state re-centralization was perceived by many as a return to totalitarianism; however, many saw these moves in a more positive light as the only way to restore the manageability of the country and keep the situation from spinning into chaos.

Together with the increasing role of the state, some neo-liberal decisions were made in economic and social policies. At the end of 2004, an extremely important Federal Law No. 122 "On changes in legislation of the RF…" was adopted. It rejected many social obligations of the state, and the state retreat from social policy, which had already been in place since the 1990s, received a solid legal foundation. Cutting public expenditures for social services was obviously a neoliberal move; another change in line with neoliberal logic was a reduction in state protectionism towards the North.

In the early days of Vladimir Putin's presidency, the main principle of the federal policy towards the North – state protectionism – shifted to economic coordination and self-reliance in the North. The underlying idea of the new approach, expressed in the Program of the socio-economic policy of the government of the Russian Federation for the period up to 2010 (2000), which was called the "Gref Program" after its main ideologist, German Gref, the Minister for Trade and Economic Development of the Russian Federation (RF) in 2000–2007, was the denial of northern specificities and treating the North as a subject of standard federal policy (Osnovnye napravleniya… 2000).

Northern specificities were no longer seen as a reason for either special policies or a separate institutional body. In 2000 the Goscomsever was disbanded; its liquidation was the sign that the North was no longer an arena of particular attention and that all its problems should be solved in an ordinary way (Blakkisrud and Honneland 2006, 15; Golovnev 2000–2001, 26). The functions of the Goscomsever were transferred to other bodies and regular ministries: the Council on Northern and Arctic Affairs, which was under the authority of the Prime Minister, was established in 2000 and cancelled in 2004; then in 2004 the Department of Northern Affairs at the Ministry of Economic Development of the RF was established and soon liquidated. The only body in the governmental structure of the RF that dealt with northern issues in the 2000s – and continues its activities today – is the Committee of Northern Affairs and Indigenous Peoples within the Federal Council under the RF Federal Assembly (since 1994; the present chairman of this body is Aleksandr Matveev) (Severcom 2012). The Committee has no executive power; it deals with issues of legal regulation in the North, works with the parliaments of the Northern and Arctic states, as well as international parliamentary and intergovernmental organizations. The most important thing is that it cooperates closely with the northern regions of the Russian Federation, expressing and

defending regional interests; due to this it has gained appreciation and respect throughout the Russian North.

Recently, in January 2012, this body was deprived of its status of separate committee and was incorporated as a sub-committee into the Committee of the Federation Council on Federative Arrangements, Regional Policy, Local Government and Northern Affairs (Severcom 2012). I am sure many people have seen this change as a lowering of the status of the agency that for almost 20 years has addressed northern issues seriously.

The period since the mid 2000s has been marked by the unification of northern legislation and erasing the northern specificities in legislative documents at the federal level. Among other changes, Federal Law No. 122 of 2000 abolished the Federal Law "On fundamentals of the state regulation of socio-economic development of the Russian Federation's North" of 1996 and introduced substantial changes to wages, pensions, student stipends and northern benefits. It abolished federal funding for some northern wage supplements and travel privileges, cancelled some social benefits for northerners, shifted responsibility for providing workers in non-budget organizations with northern benefits to private employers. Most private employers – resource corporations and small private enterprises – tended not to provide northern benefits and travel privileges to workers, economizing on these, and most private-sector employees were, in fact, deprived of northern benefits. In addition, since 2005 specifically "northern" articles have been excluded from a number of other laws, and the situation for northern residents has worsened further (Riabova 2010, 79–80).

Shifting social responsibilities from the central power to the regional and local levels under conditions of reduced federal funding has continued in circumstances of increasing centralization. Centralization has led to the reshaping of the national tax system so that financial resources are heavily concentrated in the hands of the federal center. Since 2000 the financial situation of the RF has changed radically and state revenues have started to substantially exceed budget spending. In 1990 the budget of the USSR consumed 44.6% of total revenues, and the budgets of the republics consumed 55.4%. Thus, republics and regions had a considerable part of revenues at their own disposal. In post-Soviet Russia this ratio has been reversed. Of the total value of taxes collected in Russia, the share attributed to the subjects of the RF (regions and republics) has steadily declined for the past 15 years. In 1997 it was 61%, but

by 2009 it was only 45% (Matveev 2011). Under such conditions 84% of the subjects of the Russian Federation – 70 out of 83 – were subsidized in 2010. Paradoxically, many northern regions where gross regional product per capita exceeds the Russian average are subsidized from the federal budget. In 2010 only five northern regions that are extremely profitable for the federal budget – Permskiy krai, Tyumen Oblast, Nenetskiy, Khanty-Mansi, Yamalo-Nenetskiy Autonomous Okrugs – were not subsidized (Gorod 2011).

Due to the current tax policy, the myth of "the unprofitable North" – the expensive North which is a burden to the state – has spread to include even profitable northern regions: *"Many (northern) regions today are unwittingly infected with the psychology of the poor, begging for alms from the Centre for "good behavior"* (Matveev 2012, 3). For example, my own experience shows that each new group of students in the course I teach on the Circumpolar North is surprised to learn that the Murmansk region, where they live, is not an unprofitable region for the country, and that – quite the opposite – for decades the region has been among the top group of Russian regions in GDP per capita. An important source of financial means for social policies in the North could be a rent on northern resources. However, resource corporations that have operated in the North since the 1990s tend to register themselves and pay taxes outside the regions of extraction, often in off-shore zones, and revenue streams from extracting activities are still flowing out of the northern regions. Thus, regional and local administrations in the North, which have had increased social obligations since the 1990s and especially since 2000, continue to execute them not only in a situation of reduced federal funding, but also under conditions of inadequate revenues to regional budgets from the use of northern natural resources. As a result, in the 2000s living standards and levels of social infrastructure development in the majority of the regions of the Russian North increasingly lagged behind the Russian average.

In the late 2000s the federal government announced a shift to more socially oriented development. Several nation-wide projects in the social sphere were started: health care, housing, education, and agriculture projects. In the beginning of 2008 the "Concept of long-term socio-economic development of RF for the period up to the year 2020" ("Strategy 2020") was adopted. Its key idea was the implementation of innovative socially oriented development in Russia. The regions of the RF started to prepare new socially oriented strategic plans, and the northern regions became involved in this process, too.

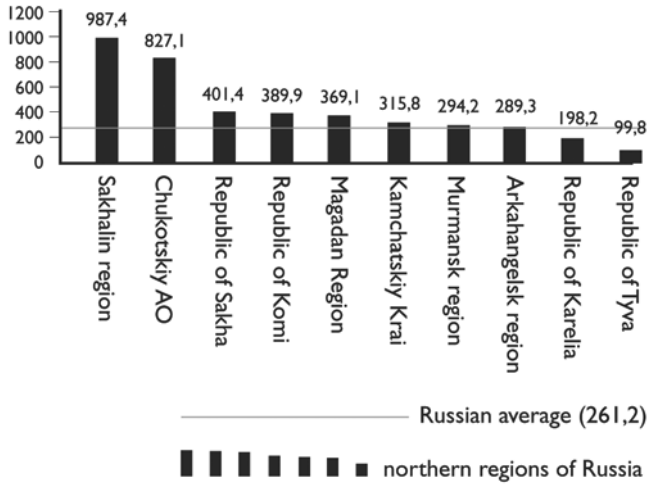


Fig. 2.1 Gross regional product per capita in the northern regions of the RF and average gross domestic product per capita in the RF, 2010, 1000 RUR
Source: Rosstat (2012).

By the mid 2000s some positive trends in the social situation in the North appeared to a great extent as a result of the generally improved situation in the country. Since 2003–2004 decreases in unemployment, increases in living standards and life expectancy in the North have been observed. The growth of salaries and the general improvement of the social situation has resulted in a reduction of out-migration. Migration losses in the twelve regions fully encompassed by the Russian North were reduced to 34,000 people annually; in total 272,000 people left those regions in 2000–2008 (3% of the population).

However, the dynamics of social indicators in the northern regions lag behind the national average. The most striking fact is that the dynamics of social indicators in the northern regions do not correspond to the significant input of northern residents into the country's economy. Out of the twelve regions referred to as "fully northern", ten have indicators of gross regional product (GRP) per capita that are higher than the national average levels (Fig. 2.1).

In fact, the leaders for this indicator are Khanty-Mansi and Yamalo-Nenetskiy AO, but Rosstat does not provide specific data on these territories

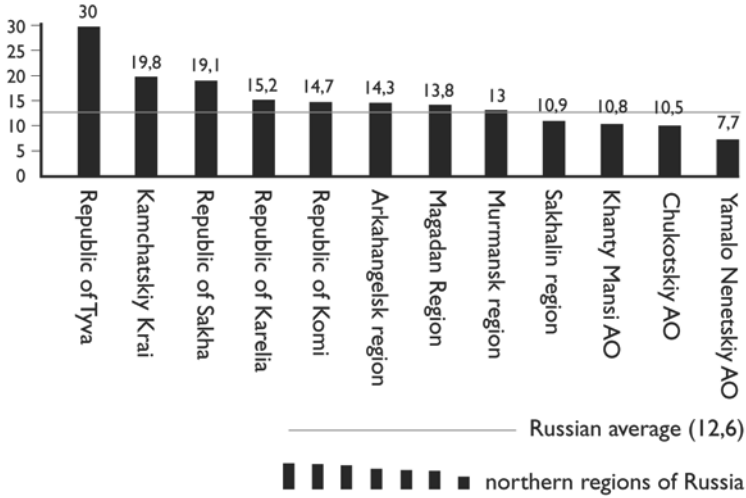


Fig. 2.2 Poverty level in the northern regions and the Russian average, 2010, %
Source: Rosstat 2011b.

since they are part of Tyumen Oblast, which is not considered a "fully northern region", so they are not seen in Fig. 2.1.

At the same time, paradoxically, only four regions out of twelve have poverty levels below the national average: Yamalo-Nenetskiy, Chukotskiy, Khanty-Mansi AO and Sakhalin region. The other eight regions, consisting mostly of regions that are national leaders in terms of the GRP per capita indicator, have poverty levels that are higher than the national average (Fig. 2.2).

Life expectancy, which is an important indicator reflecting the quality of life, is below the national average in ten out of the twelve fully northern regions (Fig.2.3). Only in Yamalo-Nenetskiy and Khanty-Mansi AO does life expectancy exceed the Russian average.

With all the new positive shifts in the social policy of the Russian state that have had a positive impact on the northern regions, too, it seems that it is still not completely understood at the state level that the most important factor for the development of the Russian North, its greatest asset, is not natural resources,

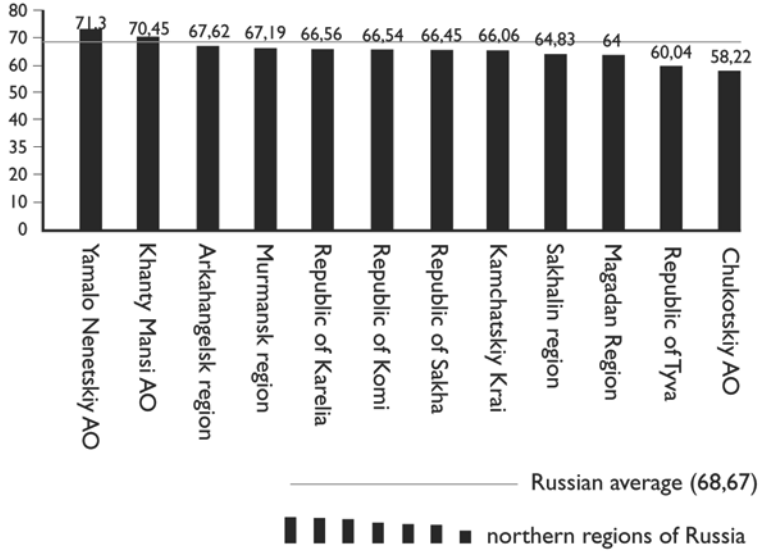


Fig. 2.3 Life expectancy in the northern regions and the Russian average, 2010, years

Source: Rosstat 2011b.

but its people. The realization of the national interests of Russia in the North and the Arctic and the sustainable development of these huge, unique territories are not possible without the preservation and development of its unique human potential: people who have adapted to living and working in extreme climatic conditions and who possess invaluable knowledge and special "Northern competences" related to living and working in the severe and specific conditions of the North. The need for a better state policy for the northern regions of Russia, one that recognizes northern specificities and the importance of the human dimension, is obvious.

Geopolitical changes and calls for a new northern policy

Since the end of the 2000s an increase in the geopolitical ambitions of the Russian Federation in the North and in the Arctic (the northernmost part of the Russian North) has occurred. To the outer world it became obvious in 2006, when Deputy Prime Minister Sergei Naryshkin brought together a

group of representatives of ministries and departments, and flew with them to Svalbard to show the international community Russia's commitment to that territory and presence on it. It became even more evident when a Russian submarine planted the flag of the Russian Federation on the seabed at the North Pole in 2007. In September 2008 "The fundamentals of state policy of the Russian Federation in the Arctic in the period up to 2020 and beyond" (Osnovy gosudarstvennoi politiki… 2008), worked out by the Russian Security Council – a consultative body to the president – was signed by President D. Medvedev and passed. Since then attention to northern and Arctic issues at all levels of power and in society in general has increased. Several important legislative documents relating in whole or in part to Northern and Arctic issues have been adopted. These include:

i) Concept of sustainable development of the small-numbered indigenous peoples of the North, Siberia and Far East (February, 2009) (Kontseptsiya ustoichivogo… 2009);
ii) Strategy of socio-economic development of the Far East and Baikal region up to 2025 (December, 2009) (Strategiya sotsial'no-ekonomicheskogo… 2009);
iii) Strategy of socio-economic development of Siberia up to 2020 (July, 2010) (Strategiya sotsial'no-economicheskogo razvitiya Sibiri … 2010);
iv) Strategy of socio-economic development of North-West Federal District up to 2020 (November, 2011) (Strategiya sotsial'no-economicheskogo razvitiya Severo-Zapadnogo... 2011).

Additionally, since the end of 2009, the program on modernization of mono-industrial towns has been underway; it is conducted by the federal government and the state corporation "Bank for Development and Foreign Economic Affairs" (*Vnesheconombank*) and involves many northern single-industry towns, supporting the diversification of their economies (Makieva 2012, 36). Furthermore, the draft of the Strategy of development of the Arctic Zone of the Russian Federation and providing national security up to 2020 (Strategiya razvitiya Arkticheskoi zony… 2011) was prepared by the Ministry of Economic Development of the RF and is currently under consideration.

However, up to now, the only legislative document defining in a more or less systemic way the main directions of Russia's new northern policy that has been

enacted is "The fundamentals of state policy of the Russian Federation in the Arctic in the period up to 2020 and beyond" (Osnovy gosudarstvennoi politiki … 2008). In this document the national interests of the RF in the Arctic are stated as:

a) use of the Arctic zone of the RF as a strategic resource base providing solutions to the problems of socio-economic development in the country;
b) preservation of the Arctic as a zone of peace and cooperation;
c) preservation of the unique ecological systems of the Arctic;
d) use of the Northern Sea Route as a nation-wide transport communication system of the RF in the Arctic.

This document also defines ten major strategic priorities of Russian state policy in the Arctic:

a) active interaction of the RF with other arctic states, solving the problem of demarcating the boundaries of the Russian arctic zone;
b) creation of an Arctic-wide rescue system;
c) improvement of the Arctic neighborhood relations within the framework of activity by the Arctic Council and Barents cooperation, the activation of economic, scientific, technological and cultural interaction, the development of cross-border cooperation in the exploitation of natural resources and nature preservation;
d) participation in the development of cross-polar transport communications, including the Northern Sea Route;
e) more active participation of Russian state agencies and public organizations in international forums on Arctic problems, including in the framework of partnership with the European Union;
f) demarcation of marine zones in the high seas and the securing of a Russian presence on Svalbard;
g) improvement of state governance of the socio-economic development of the Russian Arctic zone, including the expansion of scientific research in the Arctic;
h) improvement of the life quality of the indigenous population and the social conditions for economic activity in the Arctic;
i) development of a resource base in the Arctic zone on the basis of new technologies;
j) modernization and development of an arctic transport system and the fishing industry.

The main goal of the policy in the mid-term strategic perspective is "to allow Russia to maintain her role of the leading Arctic state" (Osnovy gosudarstvennoi politiki … 2008).

In the West the immediate reception of this document focused largely on the establishment of a stronger Russian military presence in the Arctic and similar issues (Geopolitics in the High North 2009). However, as Jensen and Skedsmo put it, "this is perhaps more telling of how the West still interprets Russia's actions in Cold war terms" (Jensen and Skedsmo 2010, 446), and later a significant part of the opinions has shifted in the direction of recognizing the strong economic component of Russia's ambitions in the Arctic, even if the creation of an Arctic military group and a coast guard to patrol Russia's Arctic waters and estuaries have been planned to provide security in this region of the R.F. Hydrocarbon resources and transportation are obviously two main priorities of the Russian state in the Arctic today, and the "Fundamentals…" reflects the fact that Russia is focusing on the extraction of resources, transportation and plans to modernize ports and improve shipping capabilities.

While in the international arena political and public views seem to be moving to a more or less balanced understanding, domestic debates in the country on the "Fundamentals…" seemingly have not reached a consensus. On the one hand, the document was positively received both at the federal and regional levels since it was a sign of the state's turn towards the North. On the other hand, it was sharply criticized by experts, especially those from the northern regions, for its colonial spirit towards the Arctic regions, for treating this region first and foremost as a resource base for the rest of the country, and for lack of attention to the social aspects of development in the Arctic. Indeed, out of seven and a half pages in the document, less than one third of a page is devoted to human aspects of the state's Arctic policy. Ecological aspects are included, but the need for the sustainable development of the Arctic territories is not clearly declared. The conclusion of the document firmly states that during the third stage of the realization of the state policy in the Arctic, in 2016–2020, "the transformation of the Arctic Zone of the Russian Federation into a leading strategic resource base of the Russian Federation must be secured" (Osnovy gosudarstvennoi politiki … 2008).

Against the background of insufficient attention to aspects of human development in the North, the document creates the impression that at the federal level attitudes towards this region continue to be dominated by traditional

Russian northern policy considerations concerning the exploitation of resources and that these regions have been given the role of resource appendages of Russia. Thus, many practitioners, politicians and scientists in the northern regions are dissatisfied with the approach expressed in the document (Matveev 2012).

Today some positive shifts can be seen in Russia's northern policy. For example, several formerly cancelled northern benefits were reinstated as a reaction to pressure from the northern regions and from the Committee of Northern Affairs and Indigenous Peoples of the Federal Council. Active development of higher education in some northern regions has begun, as manifested by the transformation of some regional universities into high-status Federal Universities on the basis of their integration with other regional institutions of higher education, and substantial federal financial support has been secured for them:

- in Siberian Federal District – the Siberian Federal University (SibFU) in Krasnoyarsk (2006);
- in the Far Eastern Federal District – North-Eastern Federal University (NEFU) in Yakutsk (given the status of Federal University in 2009) and the Far Eastern Federal University (FEFU) in Vladivostok (2010);
- in the Northwestern Federal District – the Northern (Arctic) Federal University (NArFU) in Archangelsk (2009);
- in Ural Federal District – Ural Federal University in Ekaterinburg (2011).

The amount of funding received by federal universities from the federal budget is quite substantial. For example, NArFU (Archangelsk), in addition to its regular financing, received five billion rubles for the first five years of its development program (Pravitel'stvo Arkhangel'skoi oblasti 2010). Today NArFU plays a notable role in producing Arctic-oriented education and research and stimulating public discourse on the Russian Arctic both in Russia and abroad. During the last few years many conferences, two of them with the participation of Prime Minister Vladimir Putin, "The Arctic – Territory of Dialogue" in Moscow (2010) and then in Arkhangelsk (2011), have been held. An enormous increase in media interest and scientific discourse, as well as a boom in publishing activity, on Northern and Arctic issues in Russia is taking place.

Despite some positive shifts, the social situation in the majority of the northern regions of Russia remains a complex of problems longing for a

solution. The human potential of the Russian North is under threat. Signs of the seriousness of the situation are, first of all, the high rates of natural population decline, the low levels of health, high out-migration, and the difficult socio-economic situation faced by the indigenous population. The standard of living is characterized by high levels of poverty, exceeding the national average in the majority of the regions of the North, and by levels of child poverty that exceed the national average. Our research shows that while in the Russian Federation as a whole the percentage of children living in poverty (provided with financial means below the subsistence minimum) is about 19%, in the northern regions it reaches 30–40%. Wage levels do not compensate for the costs of living in the North. For instance, the average wage in the Murmansk region, which is 30% higher than the national average (28,900 rubles and 21,200 rubles, respectively, in 2010)[5] does not cover the difference in the cost of living, which is 50% higher in the Murmansk region than in central Russia. There is also a large gap in the salary level between the public sector and the industrial spheres. For example, in the Murmansk region, people working in industry make 2–3 times more than people working in the public sector.

The system of northern guarantees and compensations, which has recently undergone significant cuts, is no longer sufficient to counter the cost of living in the North; in the non-budget sphere and in private business northern guarantees are almost never realized. Due to insufficient funding, and a poor understanding of the specifics of life in the high latitudes, social protection does not provide the necessary level of protection for the socially vulnerable segments of the population. For example, in the Murmansk region the monthly child allowance (384.2 rubles in 2011) provides only 5% of the child subsistence minimum (8245 rubles, 2nd quarter of 2011).

Northern labor markets have high rates of unemployment, which, as a rule, exceed the national average. For instance, in the Murmansk region in 2010 the total rate of unemployment reached 8.9%, compared to the national average of 7.5%. Remote rural settlements, where the rate of unemployment is 2–3 times higher than the regional average, are facing an especially complicated situation. In single-industry towns the labor markets are unstable and highly dependent on the situation of resource markets and the policy of industrial groups and corporations.

5 The statistical data used in this part of the paper are taken from the official yearbooks of statistics of the Federal Service of State Statistics of Russia (Rosstat) and its territorial division in the Murmansk region (Murmanskstat).

The process of diversifying economic activity, which may include a wide variety of new activities, including development of small businesses, has been slow; one factor, among others, is the increased level of expenditures on the development of new business activities in northern conditions. The outflow of the most qualified and creative people continues, and new incentives are needed to bring qualified young workers to the North.

One problem that needs to be addressed immediately is the condition of the social infrastructure of the northern cities and settlements. In most of them the level of social infrastructure development not only falls behind the national average but often does not correspond even to minimal social standards. According to expert evaluations, we are behind the Scandinavian North by 40–50 years in this area, for example. Urgent attention should be given to health care and housing. While in the regional centers the availability of infrastructure and service personnel is comparable to levels achieved in more heavily populated regions of the Russian Federation, in remote settlements, in closed administrative-territorial formations (garrison settlements) and places inhabited by indigenous populations the situation is much worse. For instance, in Lovozersky district of the Murmansk region, which is inhabited by the Kola Saami, the availability of medical personnel is 1.5 times lower than the regional average; the availability of physicians is almost 3 times lower than the regional average (21.2 physicians per 10,000 residents vs. 54.6 on average in the region, 2009).

The optimization of the health care system that is now going on in the Russian Federation, leading to the concentration of health services in big inter-city health centers, is hardly suitable in the Northern regions, especially in remote areas. However, the state tends to implement common neo-liberal approaches to the North in regard to this issue. The poor accessibility of transportation and the isolation of the remote settlements, the reduction in the number of rural district hospitals and paramedic stations, as well as the liquidation or insufficient provision of mobile forms of service will make medical care inaccessible for many local residents. The development of a northern air ambulance service is a necessary, but not sufficient, measure to improve the situation, especially since, as experience shows, due to the high cost of this kind of transport, the decision to use it is usually made only in extreme cases, often when it is already difficult to help the patient. It must be remembered that access to the most important social services in the place of residence is the main condition for the maintenance of the viability and social sustainability of local communities.

Today it is not enough to speak about "pulling" the social infrastructure of the North toward the national average, as is often suggested at the state level. The increased health costs of the population living in the harsh condition of the North must be compensated by higher socio- infrastructural standards. At the highest latitudes, where it is not possible to provide the whole range of services, the approach may be to minimize the presence of social services personnel on the basis of innovative technologies, telemedicine, etc. However, northern areas with a longer history of habitation (like the Murmansk region, for instance) or regions which are in need of population inflow must become territories with higher socio-infrastructural standards, meeting the highest standards of comfort of living. Living in the North should be the result of a conscious choice that a person makes for a better life, not a forced decision by a hostage of circumstances. Only this approach will allow truly sustainable development of the Russian North and the possibility to realize the national interests of the Russian Federation here.

The basic reason for the current social situation in the Russian North is the lack of a fair tax system and mechanisms for the redistribution of incomes derived from the development of Northern and Arctic resources. Economic activity in the Russian North and in the Arctic today is more beneficial for the regions outside the North. The northern regions, which produce a significant share of the national GDP, are deprived of a vital part of the produced wealth that otherwise could be directed at improving the standard and quality of living of their populations.

The current social policies of the state in the North do not meet northerners' expectations or their understanding of social justice, and the call for a new, more regionally sensitive and socially just northern policy is strong.

The northern policy of the Russian state and the Barents cooperation

The Barents Euro-Arctic cooperation has been underway for almost two decades, with the northern policy of the Russian state remaining a significant factor in the cooperation, and vice versa. Because of the structure of the BEAR economy, along with cooperative development there is sometimes quite hard competition. This is especially true of the fishing industry, transportation and

tourist services. However, entering the Barents Region has given the member regions the possibility to strengthen mutually beneficial cooperation in some areas, even in those where they have traditionally competed. Within the Barents cooperation bilateral and multilateral interactions in the economy, trade, science and technology, the environment, infrastructure, educational and cultural exchanges, and tourism, as well as projects aimed at improving the situation of the indigenous population of the North have been and are being realized. For example, while Russia was chairing the BEAR in 2007–2009, much attention was paid to multilateral projects dealing with the liquidation of ecological "hot spots", as well as the "Clean production" program within which industrial and communal enterprises in the Russian part of the BEAR were upgraded to modern ecological standards (Didyk and Riabova 2010, 107–108).

In the very near future several areas of the Barents cooperation are expected to be the object of special attention. These include the realization of projects connected with cultural cooperation, issues concerning indigenous peoples, and the development of the oil industry in the Barents Sea, which will influence the whole Barents cooperation in the long term. And finally, the most important area – the traditional priority of the BEAR cooperation – is direct cooperation among people. The Barents Review, published by the Norwegian Barents Secretariat in 2010, states that Barents cooperation involves people, politicians and businesses across the East–West borders: "With its prime focus on the regional level of power and people-to-people relations, this cooperation has a low-level and practical approach" (Staalesen 2010, 10).

However, there is no consensus today on the extent of the involvement of ordinary people in the Barents cooperation. Some believe that it is quite low, whereas others are more optimistic, considering that in comparison with the times of the Iron Curtain it is even rather high. To estimate the amount of real co-operational cross-border activity – by "co-operational activity", I mean joint action among people from different countries – it would be necessary to conduct a special study, and since that is not the main theme of this article, it is touched upon only lightly here. But living in the border region, I have had a chance to observe how people's contacts across the borders in different fields of activities have changed during the years of the Barents cooperation. My observations and the results of some interviews I have conducted on this topic with my Russian colleagues suggest that the Barents cooperation entered a new stage several years ago. There has been a shift from boom contacts of a

pioneer nature – mainly between representatives of governments, businessmen, journalists, charity organizations, representatives of indigenous populations, and scientists – to more ordinary contacts related to institutionalized cooperative work among the groups mentioned above and those involved in cross-border tourism, trade, culture, education, and research. "Work-related" cooperative contacts seem to have stabilized at some point, while the stream of ordinary people across the border, mainly from the Russian side, has greatly increased in the last couple of years, in comparison with the 1990s. "The Russians are coming!" is the title of an article in the Barents Observer describing a sharp increase in visas issued to Norway and Finland in the Barents Region and the increase in northern border crossers. For instance, in 2010 the number of border crossings at Salla checkpoint in Finland exceeded 100,000, and more than 140,000 people crossed the Russian-Norwegian border at Storskog in Norway during a one-year period (BarentsObserver 2010).

The Barents Region is the territory where the largest gaps in living standards exist in the world, and one of the key factors in the rise in cross-border activities has been an improvement in the level of material well-being in the Russian part of the Barents Region. For example, during the period 2000-2010 in the Murmansk region the average monthly salary increased about ten times – from 120 USD to 1037 USD per month. Other, sometimes small but important changes, like an increase in the number of travel agencies on the Russian side providing visa support and hotel booking in Finland, Norway and Sweden, the introduction of the Pomor visa, the rise of possibilities for Internet hotel booking, the improvement of road connections across the border, the hiring of Russian-speaking shop assistants in Finnish, Swedish and Norwegian shops, and other changes have made a big difference, improving the potential for cross-border contacts of ordinary citizens. In an interview a young Russian couple said: *"The cool thing about living in Murmansk is that we can drive from home in the early morning, visit both Finland and Norway without any stress, do some shopping, visit friends and go to a café or two, before we drive home again in the very same day"* (BarentsObserver 2011). At the same time, the number of flights across the East-West border in the Barents Region has sharply decreased, and the possibilities for air travel in the Barents Region have diminished. This has had a negative effect on business, scientific and other kinds of cooperation, making cross-border travel expensive and time-consuming since the air communication systems in the Barents Region seem to have become even

more north-south oriented within the individual countries in comparison with the situation in the early 1990s.

When talking about the Barents cooperation, it is good to remember that even though cross-border cooperation – understood as joint action among people from different countries – is normally seen as a good thing, it is too optimistic to imagine that today a large number of people living in the Barents Region are very interested in it and need it for their everyday lives. Cross-border cooperation works only if all partners are interested in cooperation, have good reasons and strong motivation for cooperation, and, finally, get worthwhile results that contribute to their own prosperity. There are still many obstacles to the development of Barents cooperation such as cultural differences and dissimilarities in values, xenophobia, the absence of interest and need for cooperation, bureaucratic and language barriers, and other problems. All these aspects are closely connected with the level of human development in the partner-regions. I strongly believe that only a human development approach that differs from policies focused mainly on economic growth, resource projects and diplomacy, that subordinates policy initiatives to the personal development of individuals and the social development of communities can promote real cooperation in the Barents Region: cooperation that is a day-to-day practice of large numbers of people, reducing hostility and xenophobia and producing motivation, trust, good faith and cross-border social capital. This is the only way to remove barriers, open new perspectives and extend the choices available to each person and each community in relation to the Barents cooperation.

However, such a human-development approach is especially relevant for the Russian side, where the status of the human potential, despite certain positive changes, is still under threat, as indicated by the complicated demographic situation, which includes high rates of migration and natural population decline, low levels of health, the difficulties faced by indigenous minorities in the North, and other social problems. The state's current social policies for the North do not meet northerners' expectations or their understanding of social justice. It is essential that the new era in the development of the Russian North which has opened today becomes an example of how state government and socially-responsible resource corporations can initiate development not by focusing solely on industrial imperatives but, first, by helping find solutions to entrenched problems faced by people who have long lived and worked in northern lands and ensuring a decent living for those who participate in the

further development of these territories. Therefore, in strategic documents and in practice it is necessary to prioritize the human dimension in the development of the Russian North and to make the policy for the Russian North as socially-oriented as possible.

I trust that human development is the major driving force for the progress in cooperation in the Barents Region, and along with the human dimension of Russia's policy in the North, its northern social policy is a factor of critical importance for the future development of the Barents cooperation.

Final thoughts: What kind of state policy does the Russian North need today?

Criticism of the current state northern policy in Russia today is mostly related to the following shortcomings:

- the lack of a clearly articulated and executed national northern policy;
- the neglect of northern specificities requiring special attention from the state;
- insufficient and unclear northern legislation;
- the "colonial" spirit of state policy towards the North and the Arctic zone of the RF, treating it as a resource base for the rest of the country;
- an unfair redistribution of northern resource rent in favor of the federal level and resource corporations, a lack of financial resources at the regional and local levels;
- insufficient compensations to people for the hardships of working and living in the North, a weak state social policy for the North.

It is scarcely necessary to mention that this criticism comes first and foremost from the northern regions themselves. It is obvious that in Russia today, two different, conflicting views on the role of the North and the priorities for its development have been formed. One part of society sees the North primarily as a storehouse of resources, a region which should provide wealth for the rest of the country, and a place where it is too costly and inefficient to create conditions for high-level standards of living and quality of life. For the other part of society, mainly for the northerners themselves, the North is, first of all, a place to live where the need to secure the sustainable development of

this unique territory and solve long-lasting, acute social problems and create adequate conditions for living that correspond to the people's significant contribution to the country's economy and the geopolitical position of the nation are the most vital tasks. The latter tasks, which are closely associated with the issue of justice towards the North, are definitely seen by the northerners as tasks of higher priority than the sacrificial work of extracting resources for the rest of the country. The conflict between these two views is evident in political and economic decisions at the federal and regional levels, in legal practice, in scientific discourse, and in practical work at the local level.

There is a need to balance these two extremes. Thus, necessary changes in the Russian state northern policy, as seen from the point of view of the northern regions, can be summarized as follows:

- a turn from colonialist thinking to recognition of the specificities and needs of the northern regions of Russia;
- a shift in the national northern paradigm from the North as a national resource base to sustainable development of the North;
- a more socially oriented approach in the state northern policy and strict adherence to the compensatory principle in the social policy of the state towards the North;
- the creation of effective northern legislation – first of all, the adoption of a new federal law "Fundamentals of state socio-economic policy in the Northern and Arctic regions of Russia";
- the establishment of a special federal body on Northern and Arctic Affairs;
- the development of new, more just policies of resource management and resource rent distribution in the North based on co-management models and the redirection of revenue flows towards the northern regions of the RF;
- more partnership between the state and the northern regions with regard to strategies for diversification and innovation and social policies in the Russian North;
- more attention to human development in the northern regions of Russia as a driving force of critical importance for the development of international partnership in the North, including the Barents cooperation.

The lack of societal consensus on Russia's northern policy, continued attempts to impose on the Russian North the role of a colony of the rest of country,

neglecting considerations of social justice with regard to the northern population – "justice" implying strict adherence to the principle of adequate compensation for the hardships of working and living in the North, neoliberal decisions that do not take into consideration northern specificities requiring special attention from the state and even, in some cases, new state protectionism – all these state northern policy issues, if not dealt with sensitively and sensibly, will remain substantial hindrances both for sustainable, diversified, innovative development in the Russian North and for real cooperation with Russia's northern neighbors, including those in the Barents Region.

References

BARENTSOBSERVER (2010). "25,000 traveled abroad in New Year's period". Retrieved October 29, 2012, from http://borderzone.barentsobserver.com/en/sections/borders/25000-travelled-abroad-new-years-period.

BARENTSOBSERVER (2011). "The Russians are coming!". Retrieved October 29, 2012, from http://barentsobserver.com/en/sections/articles/russians-are-coming.

BLAKKISRUD, H. & HONNELAND, G. (2006). The Russian North – an introduction. In H. Blakkisrud & G. Honneland (Eds.), *Tackling space. Federal politics and the Russian North*, pp. 1-24. Lanhan-Boulder-New York-Toronto-Oxford: University Press of America.

DIDYK, V. & RIABOVA, L. (2010). The socio-economic development of Murmansk oblast: Tendencies, problems and prospects. In P. Fryer, C. Brown-Leonardi & P. Soppela (Eds.), *Encountering the changing Barents – research challenges and opportunities*, pp. 95-109. Rovaniemi: Arctic Centre.

EVTUSHENKO, E. (1977). "Severnaya nadbavka". Retrieved May 17, 2011, from http://er3ed.qrz.ru/evtushenko-sewernaya.htm.

GEOPOLITICS IN THE HIGH NORTH (2009). Project proceedings of the Global Challenges in the Arctic Conference, CSIS, Washington, D.C., May 7, 2009. Retrieved May 14, 2011, from http://csis.org/files/attachments/090507_global_challenges_in_the_arctic_proceedings.pdf.

GOLOVNEV, A. (2000-2001). Peoples and borders of the Russian North: Ethnicity in political environment. Special Issue on the North. In G. A. Woods (Ed.), *Scandinavian-Canadian Studies* 13, 22–34. Retrieved May 20, 2011, from http://rfaf.ru/eng/190/191_b320_view_p1.

GOROD (2011). 20 samyh dotatsionnyh regionov Rossii. Retrieved December 26, 2011, from http://www.online812.ru/2011/11/02/006/.

GRANBERG, L. & RIABOVA, L. (1998). Social policy and the Russian North. In L. Granberg (Ed.), *The Snowbelt*, pp. 171–195. Helsinki: Aleksanteri Institute.

JENSEN, L. C. & SKEDSMO, P. W. (2010). Approaching the North: Norwegian and Russian foreign policy discourses on the European Arctic. *Polar Research* 29(3), 439–450. Retrieved October 23, 2012, from http://www.polarresearch.net/index.php/polar/article/download/6073/6752.

KOL'SKAYA ENTSYKLOPEDIA (2008). St.-Petersburg: Institute of Soitology & Kola Science Centre of Russian Academy of Sciences.

"KONTSEPTSIYA USTOICHIVOGO RAZVITIYA KORENNYH MALOCHISLENNYH NARODOV SEVERA, SIBIRI I DAL'NEGO VOSTOKA ROSSIISKOI FEDERATSII" (2009). Retrieved September 10, 2011, from http://www.businesspravo.ru/Docum/DocumShow_Doc'umID_
148039.html.

MAKIEVA, I. (2012). Programma podderzski monogorodov: pervye rezul'taty. *Byudzset* 1, 36–37. Retrieved October 20, 2012, from http://www.veb.ru/common/upload/files/veb/publications/2012/0117_1.pdf.

MATVEEV, A. 2011). *Modernizatsiya sotsial'noi sfery – neot'emlemaya sostavlyayuschaya innovatsionnogo razvitiya regionov Krainego Severa*. (Paper presented at the conference "Sostoyanie i perspektivy razvitiya zsilischno-kommunal'nogo kompleksa Respubliki SAHA (Yakutiya): Tarifnaya politika i strategiya razvitiya", Yakutsk). Retrieved January 26, 2012, from http://www.severcom.ru/aboutnorth/item137-1.html.

MATVEEV, A. (2012). "Nash zapolyarnyi shans". Tribuna Newspaper, 2. Retrieved October 26, 2012, from http://www.severcom.ru/aboutnorth/item136-1.html.

MEMORIAL CHIBINY (2005). Leaflet of public organization "Memorial Chibiny" in memory of the first echelon of *spetspereselentsev* who arrived on the Kola Peninsula on 14 March 1930.

OLEINIK, G. (2008). Severnaya politika Rossii. *Rodina* 9, 14–17. Retrieved March 12, 2011, from http://www.severcom.ru/aboutnorth/item58-4.html.

"OSNOVNYE NAPRAVLENIYA SOTSIAL'NO-EKONOMICHESKOI POLITIKI PRAVITEL'STVA ROSSIISKOI FEDERATSII NA DOLGOSROCHNUYU PERSPEKTIVU (Strategiya – 2010)". Retrieved May 21, 2011, from http://www.budgetrf.ru/Publications/Programs/Government/Gref2000/Gref2000000.htm.

"OSNOVY GOSUDARSTVENNOI POLITIKI ROSSIISKOI FEDERATSII V ARKTIKE NA PERIOD DO 2020 GODA I DAL'NEISHUYU PERSPEKTIVU" (2008). Retrieved May 10, 2011, from http://www.scrf.gov.ru/documents/98.html.

PELYASOV, A. (2009). *I poslednie stanut pervymi. Severnaya peripheriya na puti k ekonomike znaniya.* Moscow: LIBROKOM.

PRAVITEL'STVO ARKHANGEL'SKOI OBLASTI (2010). Pravitel'stvo Arkhangel'skoi oblasti: Novosti. "S(A)FU poluchil pervyi iz pyati milliardov rublei iz federal'nogo byudzseta". Retrieved October 27, 2012, from http://www.dvinaland.ru/prcenter/release/15859/index.php.

RASELL, M. (2009). Neoliberalism in the North: The transformation of social policy in Russia's northern periphery. *Polar Geography* 32 (3-4), 91–109. Retrieved February 12, 2011, from http://dx.doi.org/10.1080/10889370903471292.

RIABOVA, L. (2010). Novaya severnaya paradigma Rossii: problemy formirovaniya i sotcial'nye prioritety. *Uchenye zapiski Petrozavodskogo universiteta (Scientific papers of Petrozavodsk University)* 7 (112), 79–87. Retrieved May 20, 2011, from http://uchzap.petrsu.ru/files/UchZap112-11-2010.pdf.

ROSSTAT (2011a). Ob otsenke chislennosti postoyannogo naseleniya na 1 yanvarya 2010 goda, na 1 yanvarya 2011 goda i v srednem za 2010 god. Retrieved April 12, 2011, from http://www.gks.ru/bgd/free/b04_03/IssWWW.exe/Stg/d01/650z-shisl28.htm.

ROSSTAT (2011b). Rossiiskiy statisticheskiy ezsegodnik. 2010: Statisticheskiy sbornik. Moscow: Rosstat.

ROSSTAT (2012). Gross regional product per capita in the northern subjects of the Russian Federation in 1998–2010. Updated 16.04. 2012. Retrieved April 24, 2011, from http://www.gks.ru/free_doc/new_site/vvp/dusha98-10.xls

SEVERCOM (2010). Perechen' raionov Krainego Severa i priravnennyh k nim mestnostei na 1 yanvarya 2010 goda. Retrieved March 14, 2011, from http://www.severcom.ru/files/files/Sever.doc.

SEVERCOM (2012). Komitet Soveta Federatsii po federativnomu ustroistvu, regional'noi politike, mestnomu samoupravleniyu i delam Severa: Novosti i sobytiya. Retrieved January 25, 2012, from http://www.severcom.ru/.

SHIROKOV, A. (2009). Sotsial'no-ekonomicheskoe razvitie Severo-Vostoka Rossii v 1930-1950 godah: formy, metody, rezul'taty. Avtoreferat dissertatsii na soiskanie stepeni doktora istoricheskih nauk, Tomsk University. Retrieved March 17, 2011, from http://www.lib.tsu.ru/mminfo/000374646/000374646.pdf.

STAALESEN, A. (2010). *Talking Barents. People, borders and regional cooperation*. Barents Review. Kirkenes: Norwegian Barents Secretariat. Retrieved October 29, 2012, from http://imgo.custompublish.com/getfile.php/1124271.900.aqeddsxqyr/Barents_Review_2010.pdf?return=www.barents.no.

"STRATEGIYA RAZVITIYA ARKTICHESKOI ZONY ROSSIISKOI FEDERATSII I OBESPECHENIYA NATSIONAL'NOI BEZOPASNOSTI NA PERIOD DO 2020 GODA. PROEKT" (2011). Retrieved October 22, 2012, from http://www.city-strategy.ru/UserFiles/File/Arkt_pr_strateg(1).doc.

"STRATEGIYA SOTSIAL'NO-EKONOMICHESKOGO RAZVITIYA DAL'NEGO VOSTOKA I BAIKAL'SKOGO REGIONA NA PERIOD DO 2025 GODA" (2009). Retrieved September 10, 2011, from http://www.severcom.ru/law/item37-1.html.

"STRATEGIYA SOTSIAL'NO-EKONOMICHESKOGO RAZVITIYA SEVERO-ZAPADNOGO FEDERAL'NOGO OKRUGA NA PERIOD DO 2020 GODA" (2011). Retrieved December 20, 2011, from http://n-west.ru/wp-content/uploads/2011/12/Strategiya-SZFO-2020_utverzhdennaya.doc.

"STRATEGIYA SOTSIAL'NO-EKONOMICHESKOGO RAZVITIYA SIBIRI DO 2020 GODA" (2010). Retrieved September 10, 2011, from http://www.severcom.ru/law/item38-1.html.

THOMPSON, N. 2004. Migration and resettlement in Chukotka: A research note. *Eurasian Geography and Economics* 45(1), 73-81.

TRUNOVA, N. (2005). *Osnovnye faktory razvitiya severnyh gorodov*. (Paper presented at the seminar "Scenarii razvitiya severnyh gorodov Rossiiskoi Federatsii" Tzentr strategicheskih razrabotok "Severo-Zapad", Sankt-Peterburg). Retrieved May 18, 2011, from http://xn-----8kcahpcbt2eodeicof.xn--p1ai/content/data/article/file/st45_751.pdf.

VITYAZEVA, V. & KOTYRLO, E. (2007). *Sotsial'no-ekonomicheskoe razvitie Rossiiskogo i zarubezsnogo Severa*. Syktyvkar: SyktGU.

ZAIDFUDIM, P. & GOLUBCHIKOV, S. (2003). *Vvedenie v rossiiskoe severovedenie.* Moscow: Art-Peiper-Print.

ZAIONCHKOVSKAYA, ZS. (2003). Buduschee severnyh regionov Rossii: dramaticheskie peremeny. *Russian Expert Review* 12, 22–29. Retrieved May 19, 2011, from http://www.rusrev.org/content/data/article/file/st32_737.pdf.

CHAPTER 3

Md. Waliul Hasanat

A UNIQUE ARRANGEMENT OF SOFT-LAW COOPERATION IN THE BARENTS REGION

Introduction

The governance in the Barents Euro-Arctic Region (BEAR) formally began in 1993; it was based on a soft-law model. Soft-law governance includes international governance established without the conclusion of a formal international treaty. The actors involved in soft-law governance pay more attention to encountering transnational challenges in effective ways than focusing on strictly following formalities articulated in classical international law. There are some transnational challenges (e.g., environmental protection, climate change, sustainable development, the wellbeing of the region, and the adaptation of local people to changed situations) which state involvement alone is not sufficient to counter; they require the participation of non-state actors, including local people, along with that of states. Addressing those challenges sometimes requires immediate action, and the conclusion of a formal international treaty – which is a lengthy process compared with the adoption of a simple declaration – might interfere with achieving the main objectives. Soft-law forms of governance allow non-state actors, working in parallel with states, to address common concerns and create mainly voluntary or political commitments rather than imposing legally binding obligations on members and other associated entities. The general consensus about soft-law forms of governance is that they are flexible, compared with classical international organizations, in various ways: e.g., the creation of obligations and modes of operation.

The Barents cooperation (hereinafter "the Governance") created a new region, namely the Barents Region[6], an area that had been the scene

6 The Cooperation introduced the concept of the Barents Region, which initially included the county of Lapland in Finland, the counties of Finnmark, Troms and Nordland in Norway, the counties of Murmansk and Archangel in Russia, and the county of Norrbotten in Sweden. See Kirkenes Declaration, 'Participation and area of application'. Later the region was expanded by the inclusion of the Republic of Karelia, Nenets Autonomous Okrug, Kainuu, Oulu and

of strategic confrontations during the Cold War. The Governance developed in two parallel units: the five Nordic states and Russia, along with the then Commission of the European Communities, established the Barents Euro-Arctic Council (BEAC), while the regional governments (e.g., provincial, county and oblast governments) of the region, together with local indigenous peoples, set up the Barents Regional Council (BRC). The Governance has been developed on the basis of political willingness rather than following the typical formalities articulated in international law: e.g., formal endorsement of the founding instrument, ratification, reservations, publication, and so on (Vienna Convention 1969: arts. 19–23; Vienna Convention 1986; Klabbers 2002, 203; Kunz 1953); it has established strong links between universities, research institutes, administrative and other relevant bodies in the region.

In fact, the Governance was not created as the result of an international treaty, whereby it is clear that it is not an international organization in the light of international law. The idea of a two-fold governance system has created unique traits in international cooperation aimed at the promotion of sustainable economic and social development in the Barents Region. The BEAC and the BRC have been working so closely since their beginning that scholars may wonder whether they have distinct identities or are merely two branches of a single entity (Hasanat 2010). This raises an important question: How can these two components of the Governance be seen in comparison with other international cooperative forums or be given distinct positions within international law?

Present literature regarding the Governance covers many issues (Young 1996; Joenniemi 1998; Möller and Pehkonen 2003; Monsma 1995; Orvik 1974; Sergounin 1998, 48; Wiberg 1994; Engstad 1994; Eriksson 1995), although not much scholarly attention has been paid to legal issues during the twenty years of its existence (see, however, Hasanat 2007; Sreejith 2009). The main focus of this chapter is an analysis of the individual legal characteristics of the BEAC and the BRC. The following section will provide a brief description of the BEAC from legal and organizational perspectives. Section three focuses on the BRC from similar points of view. The next section focuses on some needle similarities and dissimilarities between the BEAC and the BRC. Section five analyzes the legal competence of the Governance. The concluding section tries to determine the position of the BEAC and the BRC under international law.

Västerbotten Regions, and the Republic of Komi.

The Barents Euro-Arctic Council

The Kirkenes Declaration (Kirkenes Declaration 1993) established the Council of the Barents Euro-Arctic Region, widely known as the Barents Euro-Arctic Council (BEAC), in 1993 as an intergovernmental cooperative forum aimed at supporting and promoting regional cooperation in the Barents Region. The BEAC meets at the Foreign Ministerial level, and has also involved meetings of the Ministers of Environment in the Barents Region since 1994.[7] It brought together the heads of the national governments of the region at its ten-year celebration in 2003, when a declaration was adopted (the Barents Summit Declaration 2003). This section seeks to clarify the organizational and legal basics of the BEAC so as to determine its position within international law.

Organizational elements of the BEAC

Like most classical international organizations, the BEAC has a clear organizational framework which encompasses members, observers and separate units functioning in its day-to-day affairs, along with national secretariats. The members are Denmark, Finland, Iceland, Norway, Russia, Sweden and the European Commission; membership is also open to other states that wish to take an active part in its activities (Kirkenes Declaration 1993, 'Participation and area of application'). The Foreign Ministers from the member states met annually up to 2001 and thereafter every other year (BEAC Terms of Reference 1993, section 5).[8] However, the chairmanship, which has a tenure of two years, rotates only between states that possess territories in the Barents Region (BEAC Terms of Reference 1993, section 6).[9] Furthermore, a state cannot hold the chairmanship of the BEAC at the same time that its region holds the chair of the BRC.

7 The Ministers of the Environment met for the first time in Bodø in 1994, when they adopted the Barents Euro-Arctic Council Environmental Action Program, followed thereafter by meetings in Rovaniemi in 1995, St. Petersburg in 1997, Umeå in 1999, Kirkenes in 2001, Luleå in 2003, Rovaniemi in 2005, and Moscow in 2007. Other ministers responsible for various fields (culture, youth and sports, etc.) meet occasionally.

8 The year 1997 was an exception in that there was no Ministerial Meeting.

9 Section 6 states: "The chairmanship of each session will be assumed by the Minister of Foreign Affairs of the host country. The chairmanship will initially rotate between Finland, Norway, Russia and Sweden."

The BEAC has granted observer status to a number of states in order to include states from outside the region in its activities. The observer states are Canada, France, Germany, Italy, Japan, the Netherlands, Poland, the United Kingdom and the United States of America (BEAC n.d.). The central functioning unit of the BEAC is the Committee of Senior Officials (CSO). The CSO consists of ambassadors or officials selected by the member states and the EC, although representatives from observer states and indigenous peoples regularly participate in CSO meetings. The CSO is in charge of the BEAC's activities during the intervals between Ministerial Meetings. It meets on a regular basis usually four to five times a year. It can form new Working Groups (WGs) suggested by the BEAC, provides guidance to the WGs, and can terminate a working group that has completed its task.

There are national Barents secretariats in all the main member states except Russia. Having a national Barents secretariat is part of the recognition of the Governance: the Finnish national Barents secretariat is located in Rovaniemi in association with the Regional Council of Lapland; the Norwegian Barents secretariat is in Kirkenes, and the Swedish contacts are the County Administrative Board of Norrbotten and the County Administrative Board of Västerbotten. However, in the case of Russia, there is no permanent national secretariat; functions related to the Barents Cooperation are carried out by the regional governments (BEAC Report 2007, 6–7).

Legal elements of the BEAC

The BEAC has its own establishing international instrument – the Kirkenes Declaration – and has produced several documents since its inception, most of which are ambiguous in terms of creating obligations on its members. The Kirkenes Declaration is not an international treaty. The Declaration states some common problems of the Barents Region and makes general promises concerning cooperation rather than creating any legally binding obligations. Following the introduction, there are sections on the Barents Euro-Arctic Council and its objectives: participation and area of application, the environment, economic cooperation, scientific and technical cooperation, regional infrastructure, indigenous peoples, human contacts and cultural relations, and tourism. None of the parts actually creates legal obligations. However, in the course of time, the promises contained in the Declaration

have become useful to the states of the Barents Region by carrying out mutual activities among them under the auspices of the Governance. These activities address the challenges caused by the harsh climate and inaccessibility of the region, along with compliance with certain international legal instruments: for instance, the member states' commitment to the UN Conference on Environment and Development (Rio Declaration 1992), the World Summit on Sustainable Development (Johannesburg Declaration 2002), Millennium Development Goals, the Convention on Biological Diversity (Convention on Biological Diversity 1992), and the Stockholm Convention on Persistent Organic Pollutants (Stockholm Convention 2001).

The signatories of the declaration affirmed their commitments with respect to the declaration on global environment and sustainable development (Rio Declaration 1992) and the rights of indigenous peoples (Agenda 21 1992, chapter 26) articulated in international law (Kirkenes Declaration 1993, 'The Barents Euro-Arctic Council and its objectives' and 'Indigenous peoples'). They have committed themselves to strengthening bilateral and multilateral cooperation, as mandated by the OSPAR Convention (Convention on Marine Environment 1992) and the Espoo Convention (Environmental Impact Assessment Convention 1991), to protect the fragile environment of the region (Kirkenes Declaration 1993, 'The environment' and 'economic cooperation').

The BEAC has its Terms of Reference which create obligations on the member states to a limited extent. For example, the Terms impose all financial responsibilities with respect to the arrangement of meetings of the BEAC on the host country (BEAC Terms of Reference 1993, section 7), which the states have followed up to this day. There is a provision that prevents the members from infringing on any international legal or even political obligations by participating in the Cooperation; this provision expresses the intention of the parties not to breach any binding obligations (BEAC Terms of Reference 1993, section 13). It provides less authority by using 'will' or 'will not' in the provisions instead of stronger words like 'shall' or 'shall not'. Subsequently, it has included words that make the provisions flexible: 'will normally be conducted' (BEAC Terms of Reference 1993, section 8) 'will normally convene' (BEAC Terms of Reference 1993, section 5). Furthermore, it leaves room for options by using terms like 'may decide' (BEAC Terms of Reference1993, section 11).[10]

10 Section 11 reads: "The Council and its working bodies may decide to invite special participants, guests or observers to contribute to its work. This may include representatives of regions, sub-regions and international organizations."

The BEAC meetings, other than the first one, which drafted the constituent declaration, have adopted either a joint communiqué or a report. The exception is the Declaration adopted by the Heads of Government at BEAC's ten-year anniversary in 2003 (Barents Summit Declaration 2003). However, the words chosen in phrasing those instruments (the constituent declaration, joint statements, joint communiqués and summit declaration) may be categorized in three groups in terms of the level of obligation they create: simple recognition or appreciation (examples of words in this category are 'recognizes', 'takes note of', 'encourages enhanced cooperation', 'expresses its appreciation', 'welcomes', 'appreciates the activities' and 'notes the active role'); serious concern but loose commitment (phrases like 'continues to pay special attention', 'underlines the need to address', 'emphasizes the importance', 'commends the enhanced cooperation' and 'believes that'); and intent to do a little (e.g., 'supports efforts to further improve', 'stresses the urgent need to affirm', 'Parties should', 'reaffirms its willingness' and 'considers the application of'). In fact, none of the words or phrases used in the instruments is sufficient to create real commitments or binding obligations on the member states. The BEAC's commitments and support for certain international legal instruments can be evaluated as facilitating compliance with international law.

The Barents Regional Council

The regional governments of the Barents Region and the Sami Council established the Barents Regional Council (BRC) by signing a co-operational protocol (Protocol Agreement 1993) aimed at promoting basic day-to-day cooperation in the region (Kozyrev 1997, 45; Holst 1994). In fact, the BRC was established at the same place on the same day as the BEAC, and it was created with the same aims and objectives. It is true that the absence of participation in the BRC by national governments gives it a lower organizational and legal standard than the BEAC; however, international cooperation through sub-national governments is very important in addressing local issues in a region where the national capitals are far away in the south.

Organizational elements of the BRC

The organizational framework of the BRC includes members and an Executive Regional Committee (and observers to a limited extent). The members of the BRC are sub-national governments in the Barents Region: three from Norway - Nordland Fylke, Troms Fylke and Finnmark Fylke; two from Sweden - Västerbotten Län and Norrbotten Län; three from Finland - Kainuu, Oulu and Lapland; and five from Russia - Murmansk Oblast, the Republic of Karelia, Arkhangelsk Oblast, Nenets Autonomous Okrug, and the Republic of Komi.[11] The seven regional governments[12], along with the Sami Council, that adopted the statutory protocol are considered to be permanent members of the BRC. The chairmanship of the BRC rotates among the member regions every other year (Protocol Agreement 1993, section 4). The BRC meets twice a year.

The idea of observer status, which is fairly new in the BRC, can be seen as a way of involving new regions in its activities without granting them membership. In fact, the BRC refused to grant membership to North Karelia, having made a decision not to include any new members for a five-year period (BEAC Report 2007, p. 5), then approved observer status for North Karelia in 2008.

The BRC has a central functional unit, the Executive Regional Committee (RC), which consists of advisors, mainly subordinate officials, from regional governments of the member regions along with the Sami Council in order to generate new business and follow up approved projects (Protocol Agreement 1993, section 4). The region that holds the chairmanship of the BRC also holds the chair of the RC at the same time.

Legal elements of the BRC

The BRC has adopted a number of Protocols, Joint Statements and Annual Reports along with its founding instrument. The Protocol Agreement, which established the BRC, encompasses some sort of commitments; it provides background

11 The Republic of Karelia joined the BRC in 1993, then Nenets Autonomous Okrug in 1996, Kainuu, Oulu and Västerbotten counties in 1998, and the Republic of Komi in 2002.

12 The founding members of the BRC are: Archangelsk County (Oblast), Finnmark County Council (Fylkeskommune), Lapland County (Lääni), Murmansk County (Oblast), Nordland County Council (Fylkeskommune), Norrbottens County (Län) and Troms County Council (Fylkeskommune).

information and describes its objectives and goals, as well as identifying the conditions for the establishment of the BRC and the RC (Protocol Agreement 1993, section 4). The Agreement includes authoritative instructions with respect to its operational expenditures (Protocol Agreement 1993, section 5).

The BRC has produced Regional Council Protocols since 2004; the Protocols are available mainly in Russian and Swedish, and there is a Finnish version of some of them. In fact, the Protocols describe the concerns of the region along with proposals for establishing necessary working groups through means other than obligatory commitments.

The BRC issues Joint Statements aimed at BEAC meetings of Foreign Ministers which mainly reaffirm its support for the activities of the BEAC and the International Barents Secretariat (IBS) along with its concerns regarding specific issues related to the living situation of local people in particular. A Joint Statement may include the future plan of the BRC or its priority projects. However, the commitments in the statements do not create any legally binding obligations on the member regions. The Annual Reports provide background information on the Governance and descriptions of the member regions, past activities and future plans of the BRC. They are more in the nature of informative statements than obligatory commitments.

Indicators of the BEAC and the BRC

The Governance has introduced a complex system the legal characteristics of which are somewhat difficult to determine. However, there are some common indicators as well as some that are more individual in nature; they will be described below.

Common indicators

There are a few institutions that provide support for seeing the Governance as a single entity rather than as two different units functioning in parallel. The International Barents Secretariat (IBS), the Working Group of Indigenous Peoples (WGIP), and Joint Working Groups formed by and including the participation of both the BEAC and the BRC can be considered as indicators of the Governance's single identity.

The states that have territories in the Barents Region created the International Barents Secretariat (IBS) in 2007 by concluding an international instrument to provide technical support for multilateral coordinated regional activities organized by the BEAC together with the BRC (Barents Secretariat Agreement 2007). The International Secretariat is located in Kirkenes, Norway and enjoys legal personality under Norwegian national law (Barents Secretariat Agreement 2007, arts. 1–2). The IBS provides continuity in the activities of the Governance particularly when the chair changes to a new member. The Governance's legal personality and other issues involving Norway and the IBS were settled through the conclusion of a bilateral agreement (Host Country Agreement 2007). The Terms of Reference of the IBS (IBS Terms of Reference 2007) connect both platforms by providing technical support. Later, a set of rules concerning the operation of the secretarial functions was formulated in a fashion that can be observed only in well-established international organizations (IBS Financial and Staff Rules 2008). The rules cover many essential components, including the appointment of staff and their facilities.

The idea of establishing a Working Group of Indigenous Peoples (WGIP) was already included in the Kirkenes Declaration (Kirkenes Declaration 1993, 'Indigenous peoples'). The WGIP, established in 1995, consists of six members: one Sami representative from each country – Finland, Norway, Russia and Sweden – and one Vepsian and one Nenets representative from the Russian side (WGIP Terms of Reference n.d., section 4b). There are altogether three observers, including one representative from the Sami Council, one from the Association of World Reindeer Herders, and one from the Russian Association of the Indigenous Peoples of the North (RAIPON) (WGIP Terms of Reference n.d., section 4c). The WGIP members elect the chair from among themselves for a period of two years; a person may be re-elected to the chairmanship (WGIP Terms of Reference n.d., section 6).

The distinguishing characteristics of the WGIP are that it was established on a permanent basis and plays an advisory role in both units of the Governance along with its representation at Ministerial Meetings of the BEAC and the Regional Council of the BRC (WGIP n.d.). The Barents Indigenous Peoples Office (BIPO), established in Murmansk in 2003 and moved to Lovozero in 2007, is responsible for the activities of the WGIP.

The Governance has established a number of joint working groups, in addition to groups that work for one unit or the other. Among the joint groups

are the Joint Working Group on Health and Related Social Issues, the Joint Working Group on Education and Research, the Joint Working Group on Energy, and the Joint Working Group on Culture. The joint working groups have shared co-chairmanship at the national and regional levels. They report separately to the BEAC and the BRC concerning their activities.

The BEAC and the BRC share a similar exception to formal international organizations: as a forum of states, the BEAC includes the EC among its members, while the BRC has accorded membership to the Sami Council in addition to the regional governments. This type of exception is possible within soft-law cooperation and is appreciated to some extent in addressing complex problems which require contributions from different categories of actors.

Individual indicators

The creation of separate frameworks by the BEAC and the BRC has provided each of them with an individual identity even though they are closely connected. For instance, in the case of the BEAC, the CSO is in charge of activities during the intervals between Ministerial Meetings, may form necessary WGs or Task Forces (TF), provides guidance to them, and monitors their functions. The subordinate bodies perform the tasks following this guidance and report to the CSO. Alternatively, for the BRC the RC carries out its functions during the time between Regional Council meetings, may form WGs or TF, supplies proper guidance to them, and observes their activities, while the WGs and TFs follow the guidance of the RC and report to it. The establishing instruments of the BEAC and the BRC are different and were concluded by the different forums. The Ministerial Meeting is the supreme authority in the BEAC decision making; while, the Regional Council makes decision for the BRC. Thus, the two platforms enjoy individual organizational merits in terms of their functioning systems. However, the fact that they share a common international secretariat and similar objectives could be taken as a sign that the two platforms form an associate partnership; this creates some complexity and provides scope for new ways of evaluating the units' legal position under international law. Since their creation the two individual bodies have never come into conflict with each other within the cooperation. As explained in the BEAC Joint Communiqué (BEAC Joint Communiqué 2007, paragraph 31):

> The Council underlines that the International Barents Secretariat (IBS) should be utilized to improve the coherence, efficiency and the continuity of the BEAC and BRC cooperation and strengthen the effectiveness of their sectoral and intersectoral work.

Legal analysis

The agreement regarding the IBS and involving four member states of the Governance has created real commitments (Barents Secretariat Agreement 2007). The agreement was designed in the same fashion that is usually followed in a classical treaty: e.g., the treaty must be accepted, it may be amended, parties may withdraw from the agreement, and reports must be made. It can be assumed that the parties to the agreement intended to achieve the same results that would come from a treaty, subject to keeping the parties outside the jurisdiction of international law.

The IBS has demonstrated its legal competence by concluding an agreement with Norway (Host Country Agreement 2007). This agreement has created real obligations and has guaranteed *inter alia* immunity to the IBS and its properties from legal process (Host Country Agreement 2007, art. 5), as well as the inviolability of the IBS premises from any kind of legal action. Article 7(2) reads:

> The premises and the property and assets of the Secretariat in Norway shall be immune from search, requisition, confiscation, expropriation and any other form of interference whether by executive, administrative, judicial or legislative action.

The IBS is also entitled to use its own flag and emblem (Host Country Agreement 2007, art. 4). The privileges and immunities provided by the agreement are comparable to those enjoyed by a diplomatic mission in a foreign state (Vienna Convention 1961; Vienna Convention 1967). Recently, the same four states in the Barents Region signed an agreement in the Field of Emergency Prevention, Preparedness and Response (Emergency Prevention, Preparedness and Response Agreement 2008) in Moscow; this agreement can be seen in many ways as being similar to an international treaty. As declared by the Chair of the BEAC (BEAC 2009):

> In December 2008, the first intergovernmental agreement in the history of the BEAC, on cooperation in emergency prevention, preparedness and response, was signed in Moscow. As a follow on to it, extensive international training exercises, Barents Rescue 2009, were held in the Murmansk Region this past September.

The Governance involves non-state actors, in particular groups of indigenous peoples, in its activities, an example of the adaptation of the global community to the rapid global changes occurring in various areas; this kind of adaptation is considered important in new international law. For instance, the International Court of Justice adopted Practice Direction XII in 2004, allowing the participation of non-state actors in the international legal system (ICJ Direction 2004).[13]

Although decisions taken by one unit of the Governance have a huge influence on the other, both units create voluntary or moral responsibilities generated from political commitments. However, this does not mean that the documents produced have no consequences or that they are irrelevant in international law (Koivurova 2002, 125). The important fact that the member-states/regions have followed those documents in their regular practices for two decades provides some significance in international law. Moreover, the activities of the Governance support compliance with certain international legal instruments. The CSO or the RC may be compared, at least to some extent, to treaty bodies formed under certain treaties to monitor activities under the associated treaty.

The Governance has established some kind of institutional roles for its subordinate bodies. A permanent secretariat with the status of legal personality is strong evidence of a separate independent organ within the Governance to carry out its particular functions. Moreover, the Governance and its subordinate

13 The Direction permits an NGO to submit a submission or document on its own initiative relating to an advisory proceeding; this document will be placed in a designated location in the Peace Palace. According to Steve Charnovitz, this type of paper will be treated as a readily available publication and may be referred to by states and international organizations in the same manner as publications in the public domain, although they will not be considered as part of the case file (Charnovitz 2006, 35). The Union of International Associations (UIA), established in 1907, and the International Law Association, founded in 1873, began to promote legal personality for International NGOs in 1910 (see Politis 1923; Scott 1923).

bodies produce mainly persuasive documents which have an influence on member states. Thus, there are some features that may cause one to see the Governance as being close to an international organization which influences the members' behavior through political commitments.

Conclusion

A formal treaty, where states play the key roles, may ensure legal obligations under international law. However, there are some challenges caused by rapid global changes which state involvement alone is not sufficient to address. When initiatives combating the challenges do not bring rapid visible results, it is difficult for national governments to be convinced of the need to create legally binding obligations – sacrificing present national interests in order to aim at a sound environment in the future – especially when the decisions are made in capitals far away in the south.

The Barents Region is an area with a harsh climate and much diversity, which makes it reasonable for the Governance not to create a single international legal instrument that is generally applicable to the region. A two-level communication has been created which exhibits some special characteristics. The separate organizational frameworks and independent decision-making bodies of the two units provide them with distinctive identities within the Governance. International law should leave some room for this type of forum which is able to adapt to new situations caused by rapid changes occurring in the region and to adjust to other developing branches of sciences. International law should be dynamic enough to meet the needs of present people facing the challenges brought on by those changes (ICJ 1952a). Judge Alvarez has suggested the application of new international law that is perfectly modified in order to adapt to changing circumstances in the lives of people (ICJ 1952b).

Following the analysis above, the BEAC can be considered as a 'soft-law' body under modern international law. However, the situation of the BRC is somewhat different: an important element of soft-law cooperation is the participation of national governments, which is absent in the BRC. Thus, the BRC appears to be a 'softer than soft-law' body or close to soft-law.[14] The fact

14 The concept of "close to soft-law" is fairly recent. A group of international law scholars coined the term when evaluating the legal status of the Copenhagen Accord (adopted in the

that regional governments deal with issues across national borders does not seem like a case of *ultra vires* because the national governments have delegated power to them and supported them rather than objecting to such practices for the past two decades. I propose to consider the BRC as a 'hybrid soft-law body' which is a working concept warranting further support and scholarly recognition so it can be properly integrated into modern international law.

References

AGENDA 21 (1992). Agenda 21 adopted at the United Nations Conference on Environment and Development, Rio de Janeiro, Brazil, 3 – 14 June 1992. Retrieved September 28, 2011, from http://www.un.org/esa/dsd/agenda21/res_agenda21_00.shtml.

BARENTS SECRETARIAT AGREEMENT (2007). *Agreement between the Government of the Republic of Finland, the Government of the Kingdom of Norway, the Government of the Russian Federation and the Government of the Kingdom of Sweden on the establishment of an International Barents Secretariat for the cooperation in the Barents Euro-Arctic Region,* signed on 15 November 2007. Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/IBS_Agr_signed.pdf.

BARENTS SUMMIT DECLARATION (2003). *Barents Summit Declaration on the occasion of the Barents Euro-Arctic 10 Year Anniversary, Kirkenes, Norway, 11 January 2003*. Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/462_doc_BarentsSummitDeclaration.pdf.

BEAC (2009). *Agenda of XII session of the Barents Euro-Arctic Council, Murmansk, 15 October 2009*. Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/All_Documents_of_the_XII_Session_of_BEAC.pdf.

BEAC (n.d.). *Observer states of the Barents Euro-Arctic Council*. Retrieved September 28, 2011, fromhttp://www.beac.st/in_English/Barents_Euro-Arctic_Council/Introduction_and_organisation/Observers.iw3.

15th UNFCCC in December 2009, Copenhagen, Denmark). In fact, the Accord was made in such a way that it created a great deal of confusion compared with its competence in generating international obligations. Nevertheless, the concept of soft soft-law has yet to gain significant acceptance among scholars as a valuable concept in international law. Moreover, establishing the new idea seems rather challenging since there are still debates among scholars about the legitimacy of soft-law itself (Email communications 2009).

BEAC JOINT COMMUNIQUÉ (2007). *Joint communiqué of the 11th session of the Barents Euro Arctic Council, Rovaniemi, 14-15 November 2007*. Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/JointCommunique11thBEACSession151107.pdf.

BEAC REPORT (2007). *Towards more effective regional Barents cooperation, Report of the ad-hoc group on organisational changes, 14 May 2007*. Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/Ad-Hoc_Group_Report_ENG.pdf.

BEAC TERMS OF REFERENCE (1993). *Terms of reference for the Council of the Barents Euro-Arctic Region, adopted as Annex to the Kirkenes declaration on cooperation in the Barents Euro-Arctic Region, Conference of Foreign Ministers, Kirkenes, Norway, 11 January 1993*. Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/460_doc_AnnextotheKirkenesDeclaration.pdf.

CHARNOVITZ, S. (2006). Nongovernmental organizations and international law. *American Journal of International Law* 100, 348–372.

CONVENTION ON BIOLOGICAL DIVERSITY (1992). Convention on Biological Diversity of the United Nations Conference on the Environment and Development, Rio de Janeiro, Brazil, 5 June 1992, 29 December 1993. *UN Doc. DPI/1307. International Legal Materials* 31, 818.

CONVENTION ON MARINE ENVIRONMENT (1992). The Convention for the Protection of the Marine Environment of the North-East Atlantic, 22 September 1992, entered into force 25 March 1998. *International Legal Materials* 32, 1069.

EMAIL COMMUNICATIONS (2009). Email communications among several members of the IUCN Commission on Environmental Law (CEL) during 22–30 December 2009 (on file with the author).

EMERGENCY PREVENTION, PREPAREDNESS AND RESPONSE AGREEMENT (2008). *The Agreement between the Governments in the Barents Euro-Arctic Region on cooperation within the field of emergency prevention, preparedness and response, Moscow, December 11, 2008*. Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/Agreement_Emergency_Prevention_Preparedness_and_Response_English.pdf.

ENGSTAD, A. N. (1994). Developing the Barents Sea Region: Opportunities and risks. In J.Å. Dellenbrant, J.Å. & M. Olsson (Eds.), *The Barents Region: Security and economic development in the European North*, pp. 21–23. Umeå: CERUM.

ENVIRONMENTAL IMPACT ASSESSMENT CONVENTION (1991). The Convention on Environmental Impact Assessment in a Transboundary Context (the EIA Convention), signed on 25 February 1991, entered into force 1997. *International Legal Materials* 30, 802.

ERIKSSON, J. (1995). *Security in the Barents Region: Interpretations and implications of the Norwegian Barents Initiative*. Working Paper No. 5. Umeå: CERUM.

FINNISH BARENTS GROUP OY & OTHERS (1996). *Barents: The Barents Euro Arctic Council*. Helsinki: Finnish Ministry of Foreign Affairs.

HASANAT, MD. W. (2007). Definitional constraints regarding soft law. *Asian African Legal Consultative Organisation Quarterly Bulletin* 3, 8–30.

HASANAT, MD. W. (2010). Cooperation in the Barents Euro-Arctic Region in the light of international law. *The Yearbook of Polar Law* 2, 279–309.

HOLST, J.J. (1994). The Barents Region: Institutions, cooperation and prospects. In O. S. Stokke & O. Tunander (Eds.), *The Barents Region: Cooperation in Arctic Europe,* pp. 11–24. London: SAGE.

HOST COUNTRY AGREEMENT (2007). *Host Country Agreement between the Government of the Kingdom of Norway and The International Barents Secretariat for the cooperation in the Barents Euro-Arctic Region on the legal status of the secretariat and the privileges and immunities of the secretariat and its permanent staff members concluded in Rovaniemi, Finland 15 November 2007*. Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/IBS_Host_Country_Final_Eng.pdf.

IBS FINANCIAL AND STAFF RULES (2008). *Financial and staff rules of the International Barents Secretariat Adopted by the CSO on 16 September 2008*. Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/IBS_Financial+Staff_Rules_16_September_2008_final.pdf.

IBS TERMS OF REFERENCE (2007). *Terms of reference for an International Barents Secretariat for the cooperation in the Barents Euro-Arctic Region, Adopted by the Barents Regional Council on 6 September 2007, Tromsø, Norway and by the Committee of Senior Officials of the Barents Euro-Arctic Council on 9 October 2007, Helsinki, Finland*. Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/Terms_of_Referens_051107_FINAL.pdf.

ICJ (1952a). Dissenting opinion of Judge Read. *Anglo-Iranian Oil Co. case* [1952] ICJ Rep.93 (United Kingdom v. Iran), 144.

ICJ (1952b). Dissenting opinion of Judge A. Alvarez. *Anglo-Iranian Oil Co. case* [1952] ICJ Rep.93 (United Kingdom v. Iran), 125.

ICJ DIRECTION (2004). ICJ, Practice Direction XII (July 30, 2004). Retrieved September 28, 2011, from http://www.icj-cij.org/presscom/index.php?p1=6&p2=1&pr=94&search=%22soulev%E9es%22.

JOENNIEMI, P. (1998). The Barents, Baltic and Nordic projects: A comparative analysis. In G. Flikke (Ed.), *The Barents Region revisited,* pp. 9-23. Oslo: Norwegian Institute of International Affairs.

JOHANNESBURG DECLARATION (2002). *Johannesburg Declaration on Sustainable Development, adopted at the United Nations World Summit on Sustainable Development, Johannesburg, South Africa, 26 August - 4 September 2002.* UN Doc. A/CONF.199/20 (2002):20. Retrieved April 1, 2012, from http://www.scribd.com/doc/50039640/Johannesburg-Declaration-on-Sustainable-Development#.

KIRKENES DECLARATION (1993). *Declaration, Cooperation in the Barents Euro-Arctic Region, Conference of Foreign Ministers, Adopted in the First and Founding Session of the Barents Euro-Arctic Council, Kirkenes, Norway, 11 January 1993.* Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/459_doc_KirkenesDeclaration.pdf.

KLABBERS, J. (2002). *An introduction to international institutional law.* Cambridge: Cambridge University Press.

KOIVUROVA, T. (2002). *Environmental impact assessment in the Arctic: A study of international legal norms.* Aldershot: Ashgate.

KOZYREV, A. (1997). Visions of the authors of the Barents Euro Arctic Region cooperation – past and future. In L. Heininen, & R. Langlais (Eds.), *Europe's Northern Dimension: The BEAR meets the South,* pp. 43-52. Rovaniemi: University of Lapland Press.

KUNZ, J. L. (1953). General international law and the law of international organizations. *American Journal of International Law* 47, 456-462.

KVISTAD, J. M. (1994). *The Barents spirit: The process of regionalization and Norwegian foreign policy in the Barents Euro-Arctic Region.* Oslo: University of Oslo.

MÖLLER, F. & PEHKONEN, S. (2003). Discursive landscapes of the European North. In F. Möller, & S. Pehkonen (Eds.), *Encountering the North: Cultural geography, international relations and Northern landscapes,* pp. 1-30. Aldershot: Ashgate.

MONSMA, M. (1995). Winds of change within the Barents organization: An institutional analysis of transnational regionalization in the North. *Working Paper No. 10.* Umeå: CERUM.

POLITIS, N. (1988). Draft Convention Relating to the Legal Position of International Associations. In International Association (Ed.), *International Association Statute Series 1.* Retrieved September 28, 2011, from http://www.uia.be/draft-convention-international-associations-1923.

ORVIK, N. (1974). Nordic cooperation and High Politics. *International Organization* 28, 61–88.

PROTOCOL AGREEMENT (1993). *The Protocol Agreement from the Statutory Meeting of the Regional Council of the Barents Region (the Euro-Arctic Region) Adopted by the Regional Council of the Barents Region, Kirkenes, 11 January 1993.* Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/501_doc_StatutoryMeetingRegionalCouncil.pdf.

RIO DECLARATION (1992). *Rio Declaration on Environment and Development.* Adopted by the United Nations Conference on Environment and Development, Rio de Janeiro, Brazil, 3–14 June 1992. UN Doc. A/CONF.151/26 (Vol. I). *International Legal Materials* 31, 874–887.

SCOTT, J.B. (1923). The Institute of International Law. *American Journal of International Law* 17, 753–756.

SERGOUNIN, A. A. (1998). The Barents regional cooperation and the Russian security discourse. In G. Flikke (Ed.), *The Barents Region revisited,* pp. 25–52. Oslo: Norwegian Institute of International Affairs.

SREEJITH, S. G. (2009). Subjective environmentalism: The Barents Euro-Arctic Council and its climate policy. In T. Koivurova, E. K. H. Keskitalo, & N. Bankes (Eds.), *Climate governance in the Arctic,* pp. 383–402. Berlin: Springer.

STOCKHOLM CONVENTION (2001). Stockholm Convention on Persistent Organic Pollutants (POPs), Stockholm, Sweden, 22 May 2001, in force 17 May 2004, UN Doc. UNEP/POPS/CONF/4, App. II (2001). *International Legal Materials* 40, 532.

VIENNA CONVENTION (1961). The Vienna Convention on Diplomatic Relations, Vienna, Austria, signed 18 April 1961, in force 24 April 1964. *United Nations Treaty System* 500, 95.

VIENNA CONVENTION (1967). The Vienna Convention on Consular Relations, Vienna, Austria, signed 24 April 1967, in force 19 March 1967. *United Nations Treaty System* 596, 262.

VIENNA CONVENTION (1969). Vienna Convention on the Law of Treaties, Vienna, Austria, 22 May 1969, in force 27 January 1980. 1155 *United Nations Treaty Series 331. International Legal Materials* 8, 679.

VIENNA CONVENTION (1986). Vienna Convention on the Law of Treaties between States and International Organizations or between International Organizations 1986, Vienna, Austria, 21 March 1986, not yet in force (1986). *International Legal Materials* 25, 543.

WGIP (n.d.). *Working group of indigenous peoples*. Retrieved September 28, 2011, from http://www.beac.st/?DeptID=8852.

WGIP Terms of Reference (n.d.). *Terms of reference for the working group of indigenous peoples in the Barents Euro-Arctic Region*. The English version of the Terms of Reference is available in the Action Plan of Indigenous Peoples 2005–2008, Appendix 2, p. 31. Retrieved September 28, 2011, from http://www.barentsinfo.fi/beac/docs/11934_doc_IPActionPlan2005-2008_English.pdf.

WIBERG, U. (1994). Cooperation in the Barents Region. In J. Å. Dellenbrant, & M. Olsson (Eds.), *The Barents Region: Security and economic development in the European North,* pp. 27-39. Umeå: CERUM.

YOUNG, O. R. (1996). Institutional linkage in international society: Polar perspective. *Global Governance* 2, 1-24.

CHAPTER 4

Anna-Maija Matilainen

FOREST COMPANIES, CORPORATE SOCIAL RESPONSIBILITY AND LEGAL PLURALISM IN THE FOREST SECTOR IN RUSSIA

Introduction

This chapter is devoted to examining the forest sector in Russia, the corporate social responsibility (CSR) of the forest companies, and the plurality of regulatory instruments that nowadays constrain the behaviour of the forest industry companies. In global societies, regulation is not an exclusive domain of states. Instead, various private and non-state actors such as non-governmental organizations (NGOs) and companies have begun to create and foster private regulation (see, e.g., Scott et al. 2011), seeking solutions to serious global challenges such as sustainable development. This trend of global governance and the requirements of the world market have also entered the Barents Region and the Northwest Russian forest sector. Consequently, in the forest sector the traditional state governance system is being supplemented by new regulatory instruments promoted by the forest companies themselves as well as international NGOs (Kotilainen et al. 2009). Forest certification is a good example of non-state or private regulation in the forest sector in Russia.

The aim of the chapter is to examine forest companies and reasons why they can be regarded as powerful actors. In this chapter I examine the regulatory capacity of the forest companies and how they have promoted private regulation while developing their CSR practices. Therefore, the chapter is theoretically linked to the discussion on legal pluralism, which challenges a perceived monopoly of the state in making and administering law. Instead, legal pluralism recognises the regulatory capacities of various private actors such as companies and civil society organisations. In this chapter legal pluralism in the forest sector is understood as an increase in private regulation. The chapter focuses on the forest sector in the Russian part of the Barents Region. Geographically, the Barents Region includes the northernmost parts of Finland, Sweden and Norway as well as Northwest Russia. The Russian part of the

Barents Region comprises the Republic of Karelia, the Republic of Komi, the Arkhangelsk region, the Nenets autonomous area, and the Murmansk region. Economically this area is rather heterogeneous, but in most parts of Northwest Russia the economic exploitation of forests is important. The forest industry plays the most prominent role in the economies of the Republic of Karelia, the Arkhangelsk region and the Republic of Komi. It is not very important in the economy of the Nenets autonomous area and the Murmansk region mainly due to the northern location of these areas. In fact, the Nenets autonomous area is almost completely located above the Arctic Circle. The Murmansk region, for its part, is less dependent on the forest industry and more dependent on heavy industries such as mining, metal and machinery, as well as on sea transportation and fishery (Välkky et al. 2008).

As a rule, the forest industry in the Barents Region is dominated by medium-sized and large-scale companies. Some of the largest pulp and paper producers in Europe have production facilities in the northernmost counties of Finland and Sweden. The Russian part of the Barents Region is also a significant producer of forestry products. Northwest Russia is the leading Federal district in the production of pulp and paper as well as in cardboard manufacture. Most of the largest production plants are located in the Russian part of the Barents Region (Karvinen et al. 2006; Välkky et al. 2008). In fact, there has been a strong tendency toward bigger production units in the Northwest Russian forest sector. In the beginning of the 2000s, forest companies were shaken up by hostile takeover attempts. The vigorous efforts to consolidate the assets of some lucrative pulp and paper mills resulted in bitter ownership disputes and long, drawn-out court proceedings. In addition, the ownership disputes generated fierce criticism because of the rather crude methods used in the takeover attempts. In the mass media the ownership disputes were routinely called a "forest wars", which describes well the difficult conditions that prevailed in the forest sector (Matilainen 2009; Volkov 2004). However, business consolidation in the Northwest Russian forest sector has also proceeded in a more peaceful manner. As a rule, in the forest sector business integration has been carried out through the establishment of holding companies. In consequence, since the end of 1990s and the beginning of the 2000s, holding companies have considerably strengthened their position in the Northwest Russian forest sector. Holding companies have expanded their business networks and, as a rule, seek to control the whole wood production

chain from logging operations to the distribution of end products (e.g., Matilainen 2010; Torniainen et al. 2006).

This chapter is based on professional literature and my previous research. In the following section, I examine corporate power, concentrating on general issues involving CSR as well as CSR in the forest sector specifically. The two following sections discuss legal pluralism and the regulatory activities of the forest companies. The last section summarises the discussion.

Corporate power

Companies were originally invented at the end of the sixteenth century in order to manage colonial trade. Companies were chartered by a number of European governments to foster and protect the interests of the state. In the following centuries their legal form slowly changed, and they were granted more freedom to pursue economic activities of their own choosing (Bendell 2004). In Russia, on the other hand, the development of companies, the laws that regulate them and the role of firms in society have their own special characteristics due to Russia's long socialist past. In the Soviet Union, enterprises were legal persons, but in practice they were part of the state bureaucracy. Enterprises were governed in an administrative manner and, in fact, the whole economy worked like a huge hierarchy. Problems of agency were considerable, since the state as owner could not effectively control and monitor the enterprises and the activities of company managers (Nystén-Haarala 2001).

The collapse of the Soviet Union led to a profound change in the role of firms in society. The transition to a market economy created pressure on Russian firms to modernise and restructure. Firms that had previously been mainly administrative units of the state were supposed to become, as soon as possible, economic actors focused on making profits for their owners. A great deal of company legislation was developed during this rather chaotic period. For instance, the first part of the Civil Code, which regulates different forms of companies, was passed on 30 November 1994, and the Law on Joint Stock Companies was passed on 26 December 1996. In the course of the privatization period, joint stock companies were the main instrument used to privatise and restructure state-owned enterprises (Nystén-Haarala 2001). Holding companies, in particular, were seen as an appropriate instrument

for restructuring large enterprises and industrial complexes inherited from the Soviet era. Therefore, during privatisation the main objective of holding companies was to prevent the dissolution of the Soviet industrial complex and preserve the existing technological and co-operational links between Soviet firms. In fact, the holding companies in the forest sector were among the first holding companies to be established in Russia (Matilainen 2010; Shitkina 2006).

Legal personality and limited liability are, as a rule, considered to be typical features of companies. For instance, in the Russian Law on Joint Stock Companies, legal personality and limited liability are mentioned as features of joint stock companies. Generally speaking, legal personality implies that a firm is a separate entity from its founders and shareholders. It owns its own property, and it can sue and be sued in its own name. Limited liability, on the other hand, means that the shareholders and founders are not personally responsible for the debts of the company and vice versa. Legal personality and limited liability are routinely considered as the basis of corporate power (Bendell and Bendell 2007; Bendell 2004; Villiers 2008). Nowadays, it is widely acknowledged that firms are economic, environmental and cultural forces, and corporate power is a significant aspect of contemporary societies (Bendell and Bendell 2007). The dependence of forest industry companies on natural resources binds them closely to the localities in which they operate. Since forest companies exploit natural resources, their activities may have a considerable impact on the environment. Furthermore, the issue of social sustainability is important. In the countryside and remote districts, a forest company is often the only significant employer in the area. In recent years, for instance, in Finland, the closure of some large pulp and paper production units and massive lay-offs have generated a lively debate and concern about the power of large companies. In 2008, for instance, the closure of the Stora Enso pulp and paper mill in Kemijärvi in Finnish Lapland and the resultant lay-offs gained a great deal of publicity. The closure of the mill generated a popular movement which, through the mass media, sharply criticised the activities of the company Stora Enso and its CSR practices. In addition, the state and its ownership policy were criticised, since the state owns shares in Stora Enso. The state was expected to take action against the social and economic difficulties caused by job loss (Helsingin Sanomat 2008a, 2008b, 2008c, 2009).

According to recent Russian press reports, the economic and raw material problems of the enterprises that are part of the holding company Investlesprom

in the Republic of Karelia have generated similar kinds of worries. Investlesprom is a huge holding company operating in the Russian part of the Barents Region. According to newspaper reports, the temporary closure of the Segezha Pulp and Paper mill, an affiliate company of Investlesprom, was expected to lead to serious economic and social problems, since there are no significant alternative work opportunities in the area. However, according to the most recent press reports, the economic conditions of the subsidiary companies of Investlesprom have gradually begun to improve (see, e.g., Rossiiskaia Gazeta 2012a, 2012b). Thus, in the Russian part of the Barents Region, forest companies can also be characterised as important economic, environmental and cultural forces.

Today many Northwest Russian forest companies are part of holding companies. Large holding companies are naturally more capable of exercising power than separate small and medium-sized companies. Big production plants have traditionally been significant employers. Furthermore, Russia's socialistic past and the weak social and economic conditions in several localities increased the importance of the forest industry companies in the Russian part of the Barents Region (Nystén-Haarala 2012; Matilainen 2012; Välkky et al. 2008). During Soviet times, the provision of many social services, such as schools, health care, culture and sports, just to mention a few, and the whole infrastructure of towns and villages were based on local enterprises (Kuliasova 2010; Kortelainen and Nystén-Haarala, 2009; Tulaeva 2007). Nowadays, the Soviet traditions have not completely disappeared, although they have been undermined (Kuliasova 2010; Kuliasova 2008). At the beginning of the free market era, municipalities were expected to take more responsibility for social services and infrastructure, and firms, in turn, were supposed to focus on making profits for their owners. However, despite efforts to develop the municipalities, they are still rather backward and lacking in financial resources. They turn to local companies for financial help, and, consequently, particularly in the countryside, the municipalities and the local companies are still closely connected (for more details Nystén-Haarala 2012). The town of Kondopoga in the Republic of Karelia, Northwest Russia, is an extreme example of a symbiotic relationship between the local forest company and the town. In Kondopoga the local pulp and paper mill continues to provide a wide range of social services from health care to culture and sports facilities. Naturally, costly social responsibilities impair the competitiveness of forest companies. Therefore, nowadays, many forest companies in Northwest Russia are seeking to improve

their efficiency, eliminate extra costs and limit their social obligations (Nystén-Haarala 2012; Matilainen 2012; Kortelainen and Nystén-Haarala, 2009).

Legal pluralism and the Northwest Russian forest sector will be discussed later in this chapter. The regulatory environment in the Russian forest sector nowadays is clearly complex, and, in addition to state laws, various private actors regulate and constrain the behavior of the forest companies. The increase in private regulation has led to the simultaneous existence of several regulatory regimes. Legal pluralism highlights the influence and power of forest companies, whose rule-creating activities can be regarded as an expression of corporate power. In the Northwest Russian forest sector, large forest companies, together with NGOs, play a crucial role in introducing private regulation.

Corporate power and the behaviour of multinational firms, in particular, are often discussed when these multinational firms conduct business in developing nations whose national governments often have comparatively few economic resources and little power. The economic power of multinational firms gives them political power, enabling them to influence social and environmental policies and regulation. Globalisation has accelerated the debate over corporate power on the one hand and the limited possibilities of traditional nation state-based forms of regulation to govern global corporate activities on the other hand. Therefore, civil society organisations have started advising companies on best practices, and endorsing and promoting such practices. In the West a turn towards companies by civil society groups can be identified as beginning in the early 1990s. Codes of conduct and certification schemes such as the FSC (Forest Stewardship Council) grew significantly during the 1990s. The FSC was a pioneering multi-stakeholder initiative, the objective of which was – and still is – to provide a credible guarantee to consumers that wood products come from well-managed forests (Bendell and Bendell 2007; Bendell 2004). FSC forest certification in Russia will be discussed in the following section. Jennifer Zerk (2006) has noted that concerns about the power of multinational corporations have developed and changed over time. According to Zerk, historically, the implications of corporate power for national sovereignty and culture were the main concerns. In recent years, there has been a shift in emphasis away from these "state-centred" concerns toward more "people-centred" concerns such as the environment and human rights. In this development the CSR movement has played a significant role (Zerk 2006).

Corporate power and corporate social responsibility

Power and responsibility are closely related concepts. It is argued that power can be seen as both a condition for and a cause of responsibility. Increased power is generally seen as entailing increased responsibility (Bendell 2004; Stahl 2005; Villiers 2008). Concern about the damage caused to the environment by economic activity, globalization, and the growth of the power and influence of large transnational companies are some of the factors that have stimulated the debate over CSR. Furthermore, social and environmental criteria are increasingly affecting the decisions of individuals and institutions both as consumers and investors. Business is also more transparent because of the media and modern communication technologies (European Commission 2001). The advocates of CSR assert that companies should be made accountable for how they exercise their power and use their resources.

Basically, CSR has two dimensions. It aims to examine the role of business in society and to maximise the positive societal outcomes of business activity (Ward 2008). However, definitions of CSR abound, making it a difficult concept to grasp. It is routinely suggested that CSR is any behavior by business over and above fundamental legal requirements. There is, however, a lack of consensus about what role law should play in CSR. This is commonly referred to as the "voluntary versus mandatory CSR" debate (see, e.g., Zerk 2006; European Commission 2001, 2002, 2011). Representatives of business stress a voluntary approach to CSR and argue that firms should be able to develop their own responses to CSR questions (European Commission 2001, 2002, 2011). There has been extensive research concerning the so-called "business case" for CSR, seeking to demonstrate that companies which adopt responsible business practices are more profitable and attractive to investors, employees and consumers (Vogel 2005). The European Commission views CSR primarily as a voluntary activity. According to the Commission, CSR is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (European Commission 2001). Furthermore, CSR is described as "the responsibility of enterprises for their impacts on society" (ibid 2011). Compliance with the law is also understood as part of social responsibility. The representatives of many civil society organizations, on the other hand,

are unconvinced that voluntary CSR is effective enough to guarantee that companies adopt sustainable business practices. They endorse a regulatory framework establishing minimum standards and ensuring a level playing field. In addition they argue that credible CSR requires that CSR practices cannot be developed, implemented and evaluated solely by business, but rather require the involvement of all stakeholders (Zerk 2006; European Commission 2002).

Generally speaking, in the Northwest Russian forest sector, CSR is a voluntary choice for the forest companies and is nowadays, to a significant extent, market-driven. In this context the voluntary nature of CSR means that there are no laws obligating the forest companies to follow certain CSR practices. However, it should be noted that laws do regulate some important dimensions of CSR such as environmental protection and workers' rights. The demands of markets and the need of export-oriented Russian companies to safeguard their reputation in Western markets create incentives for the Russian forest industry companies to develop their CSR practices. However, CSR in the Northwest Russian forest sector is rather challenging, since Soviet traditions and the poor social and economic conditions in several localities also have an impact on what kind of behavior is considered as responsible in the forest industry. Furthermore, nowadays, actors such as international and Russian domestic NGOs participate actively in the discussion on CSR and seek to simulate the CSR practices of the forest companies (e.g., Matilainen 2012; Tysiachniouk 2010a; Kuliasov and Kuliasova 2010; Kuliasova 2008).

Forest certification standards constitute the primary private regulation scheme dealing with the CSR practices of forest companies in the Northwest Russian forest sector. Since the end of the 1990s, NGOs have actively promoted forest certification in Russia. The FSC was originally established in 1993 by several international NGOs and forest companies as a response to concerns about global deforestation (Cashore 2002; Cashore et al. 2006). The FSC system of forest certification is by far the most prominent certification regime in the Russian forest sector; the first FSC certifications were granted there in 2000. The PEFC (Programme for the Endorsement of Forest Certification), initiated by landowners' associations and forest products corporations, is another significant forest certification scheme. The PEFC was founded in 1999 and has now become the most widespread forest certification scheme in the world. Nevertheless, the PEFC has not been as successful in the Northwest Russian forest sector as the FSC. There are both forest management and chain of custody

certifications. Forest management certification requirements are concerned with the social and environmental impacts of forestry operations, whereas chain of custody certification verifies the origins of wood. The FSC has developed principles and criteria to describe good forest management. Its goal is to promote environmentally appropriate, socially beneficial, and economically viable management of forests in all regions of the world.[15] Companies that choose to comply with FCS standards are granted a certificate and are allowed to use the FSC label in their marketing and market their products as coming from appropriately managed forests. The compliance of forest operations with FSC standards is monitored by third-party auditors (see, e.g., Maletz and Tysiachniouk 2009). This regulation of the CSR practices of forest companies can be seen as a form of private governance. Forest certification does not create binding obligations on forest companies – at least, not in a legal sense. However, this private regulation is important, since the violation of private rules and loss of certification could seriously harm the reputation of a company. The forest companies in the Russian part of the Barents Region are export-oriented, which further emphasizes the importance of a good reputation. Forest certification has been regarded as a mechanism that has brought international CSR principles and the principles of sustainable forestry into the forest sector and the local communities in Russia (Tysiachniouk 2010a, 2010b; Kuliasova 2010, 2008). In addition, it can be suggested that forest certification has introduced legal pluralism in the Northwest Russian forest sector. The emergence of forest certification in the Northwest Russian forest sector emphasizes the role of private regulation in constraining the behavior of forest companies. Legal pluralism will be discussed in the following sections.

Some remarks on legal pluralism

The aim of this section is to provide a brief introduction to legal pluralism. The traditional concept of legal pluralism became popular in the 1970s and 1980s. It was developed within the fields of legal anthropology and sociology to analyse co-existing and overlapping normative orders within societies (Michaels 2009). It is frequently suggested that legal pluralism implies that the state is not the

15 For more details, see www.fsc.org.

sole source of legal order and that there can be several co-existing legal orders in the same field (see, e.g., Griffiths 1986; Berman 2007; Michaels 2009). In this way, the idea of legal pluralism challenges legal centralism and the monopoly of the state in making and administering law. A legal centralist approach considers law as "an exclusive, systematic and unified hierarchical ordering of normative propositions depending from the power of the state" (Griffiths 1986).

Legal pluralist scholars have argued that law does not reside solely in the coercive commands of sovereign states as legal centralists claim and that non-state communities also create law. Legal pluralism describes hybrid legal spaces where more than one legal or quasi-legal regime operates in the same social field. It is basically a descriptive framework. Legal pluralists observe that various actors create norms, and they analyse the interplay between rules; but legal pluralists do not seek to propose a hierarchy of substantive norms and values (Berman 2007).

Legal pluralism is, however, far from being a clear and unambiguous concept (Woodman 1998). The notion of legal pluralism has been marked by a deep conceptual confusion. One reason for the continuing disagreements is that legal pluralist scholars come from several disciplines, bringing different concepts and orientations to the subject. An international lawyer, for instance, who discusses legal pluralism has something very different in mind from a legal anthropologist who is studying legal pluralism (Tamanaha 2007; von Benda-Beckmann 2002). The debate over legal pluralism has raised complex questions such as what law is, what criteria should give social phenomena the quality of being legal, what type of legal complexity should be called legal pluralism, and what simultaneous existence or co-existence of law or legal orders means (Tamanaha 2007; von Benda-Beckmann 2002; Woodman 1998). My objective here is not to examine the whole extensive debate on legal pluralism in detail. For the purposes of this chapter, the key questions are the power of forest companies, their role as rule-makers, and the presence of multiple regulatory systems that govern forest companies and their CSR, not the formal status of these rules.

The concept of legal pluralism has gone through several stages in its development. In her discussion of the development of legal pluralism, Sally Engle Merry (1988) refers to "classical" and "new" legal pluralism. Classical legal pluralism focused on analyzing overlapping normative systems created during the process of colonisation. Thus, legal pluralist scholars originally focused on non-Western societies and their legal systems. Classical anthropology-oriented

legal pluralist scholars observed indigenous law among tribes and villages and the simultaneous existence of indigenous legal rules and the law of the colonial power, analysing the interaction between European law and non-European local laws. This co-existence was considered to be quite hierarchical. Classical legal pluralist scholars regarded these rather different legal orders as being separate systems layered one on top of the other. The indigenous non-state law was treated as subordinate to the official state law introduced by the colonising power (Merry 1988; Berman 2007; Michaels 2009).

New legal pluralism, on the other hand, extended the concept of legal pluralism to the advanced industrial countries of Europe and the United States. It was recognized that normative plurality existed in virtually all societies. Merry (1988) stresses that this was an extraordinarily powerful conceptual move, in that it placed "at the center of investigation the relationship between the official legal system and other forms of ordering that connect with but are in some ways separate from and dependent on it. The new legal pluralism moves away from questions about the effect of law on society or even the effect of society on law toward conceptualizing a more complex and interactive relationship between official and unofficial forms of ordering".

More recently, globalisation has shaped the idea of legal pluralism. The development of global communication technologies, the rise of multinational corporations, and the mobility of capital and people across borders mean that many jurisdictions feel the effects of activities taking place around the globe. Inevitably this leads to multiple assertions of legal authority over the same act without regard to territorial location. Globalisation has given rise to another wave of legal pluralism. Scholars of legal pluralism have seen globalisation as a new field in which to apply their expertise (Michaels 2009; Berman 2007; Tamanaha 2007; Teubner 1996). According to Gunther Teubner (1996), "global law will grow mainly from the social peripheries, not from the political centres of nation states and international institutions". Different non-state actors play roles, such as law-making, that were traditionally reserved to the state. This development can also be identified in the forest sector in the Russian part of the Barents Region. In the next section I will examine the rule-creating activities of one these private actors: forest companies.

Forest industry companies as promoters of private regulation

This section is concerned with the regulatory capacity of the forest companies and how the forest companies have introduced private regulation in the Northwest Russian forest sector. As previously mentioned, legal personality and limited liability are usually regarded as characteristic features of companies, and because of these features companies are powerful actors. Furthermore, as the idea of legal pluralism stresses, companies are important rule-creating communities – another thing that makes them powerful. Generally speaking, there are key differences in regulatory capacities between businesses. Large affluent companies generally have better capacities to participate in discussions concerning private regulation, whereas small and medium-sized enterprises often struggle to keep up with development (Hutter 2006). The forest sector in the Russian part of the Barents Region is nowadays dominated by large companies, and many small forest companies have become affiliates of large holding companies (see, e.g., Matilainen 2010; Torniainen et. al 2006). Undoubtedly, this consolidation of the forest industry is a significant factor enhancing the regulatory capacity of the forest companies.

Private regulation established by companies themselves or by the industry is routinely called self-regulation. This is a broad concept that covers a wide range of arrangements. There are also hybrid forms of self-regulation such as enforced self-regulation, which involves a mix of state and corporate regulatory efforts. Furthermore, sometimes self-regulation is meditated through trade associations (Hutter 2006). Civil regulation and soft law are also frequently used concepts in discussions about private regulation. The term "civil regulation" covers a wide range of arrangements such as various standards and certification regimes set by NGOs. It does not derive its authority from governments, but, instead, the advocates of civil regulation turn to the market's supply chains to create incentives and force companies to comply. In the forest industry, forest certification regimes are a significant example of civil regulation. Forestry standards have been studied rather extensively (Vogel 2005, 2008; Cashore et al. 2006; Cashore 2002). Civil regulation is a form of soft law, a term that refers to regimes that are not based on state authority. Voluntariness and consensus-based decision making are central features of soft law regimes (Kirton and Trebilcock 2004). Soft law instruments can have a

variety of titles such as "codes of practice", "guidelines", "recommendations", or "declarations" (Zerk 2006).

Company legislation establishes a framework for the rule-creating efforts of companies. Apart from company legislation, companies are regulated by bylaws, which are important regulatory documents in any company that address issues such as the company's administration, decision-making procedures, and the relationship between the company and its shareholders. The Russian Law on Joint Stock Companies, for instance, stipulates the contents of bylaws in detail, listing all the information bylaws must include. The list is rather long but not exhaustive. According to the Law, other requirements which are not contradictory to the Law on Joint Stock Companies or other laws of the Russian Federation can be included. In the Finnish Law on Joint Stock Companies, on the other hand, there are only a few mandatory requirements for the content of bylaws. According to the Finnish law, the name of the company, the registered office, and the field of business must be mentioned in the bylaws. Consequently, it seems that in this respect Finnish companies have more leeway. However, before the Russian Federal Law on Joint Stock Companies, which was passed on 26 December 1996, bylaws were quite important regulatory instruments in Russia. Russian companies routinely used their bylaws as a tool to supplement inadequate company legislation (Lehtinen 1997).

Bylaws are, however, just one expression of the regulatory activities of companies. CSR regimes involve self-regulation, since CSR is regarded as a voluntary commitment of companies and a business activity that exceeds the requirements of state laws (Scott et al. 2011). CSR practices are routinely defined and regulated by companies in documents called "the codes of conduct", "CSR principles" or "ethical codes", just to mention a few examples of terminology used by companies. In addition, these CSR principles and codes of conduct are often published, for instance, on the company's web page. Thus, self-regulation is undoubtedly a tool to show stakeholders that the company is committed to certain CSR practices. In the Northwest Russian forest sector, large international companies have engaged in self-regulation concerning their CSR. Furthermore, foreign forest companies that operate in Russia usually bring with them their own CSR principles (Matilainen 2012). As a rule, large global companies have common CSR principles, which are implemented coherently in every country in which the company has business operations. Therefore, when a foreign company acquires a Russian subsidiary company,

this ownership change usually leads to important changes in the CSR practices of the subsidiary company. In consequence, the ownership change also reshapes the relations between the forest company and the community in which the company operates (for more details, see Kuliasova 2010, 2008).

As we have already shown in this article, FSC (Forest Stewardship Council) forest certification is a prominent civil regulation regime in the Northwest Russian forest sector. Other forestry standards such as the PEFC (Programme for Endorsement of Forest Certification) have not been as successful as the FSC, although efforts have been made to introduce the PEFC in Russia. The FCS forest certification standards have been so actively and purposefully promoted in Russia by influential NGOs and large forest companies that efforts to introduce the PEFC in Russia have been undermined (Nystén-Haarala 2012). Both international and Russian domestic NGOs have been active in raising consumers' awareness of irresponsible forestry practices and pressuring companies to be more responsible (Tysiachniouk 2009). Environmental NGOs, in particular, have been active in promoting FSC standards in Russia. In consequence, in the Northwest Russian forest sector, forest certification is strongly biased toward environmental issues, although the FSC also includes requirements concerning economic and social sustainability. However, an emphasis on environmental questions is a general tendency in FSC certification (Kotilainen et al. 2009; Kuliasova 2008; Tulaeva 2007).

Essentially, the FSC establishes a framework for collaboration and negotiations among retailers, civil society organizations and forestry companies (Vogel 2005). The support of large forest companies for FSC forest certification standards and their willingness to co-operate in the certification process are crucial for the success of the FSC in the forest sector in Russia. Naturally, it is the forest company that makes the ultimate decision whether or not to certify its operations. In fact, the forest companies in Northwest Russia have adopted FSC standards relatively quickly. Many, if not all, of the leading companies have adopted a policy of certifying their forest operations. Forest certification requires co-operation and dialogue between forest companies and various groups such as NGOs, local communities and certification experts (Maletz and Tysiachniouk 2009). During the actual process of certification, the interpretation of rather general FSC principles is the result of dialogue between the forest companies and the NGOs. Certification specialists play a crucial role in interpreting forestry standards and adjusting them to local conditions (Nystén-

Haarala 2012; Maletz and Tysiachniouk 2009). Furthermore, it should be noted that companies also have to negotiate with the Russian forest authorities, since FSC standards sometimes conflict with Russian forest legislation and forestry practice (Nystén-Haarala 2012; Pappila 2009).

Since participation in FSC forest certification is a voluntary choice for forest companies, they will engage in it to the extent that it makes business sense for them to do so (Vogel 2005). There are several studies showing that in Russia the demand for participation in FCS forest certification has come from Western markets and customers, as well as from foreign or Russian parent companies. As a rule, in Western markets customers expect forest products to be produced in an economically, environmentally and socially sustainable manner. These market demands have created serious pressures on the forest companies to apply more sophisticated and reliable CSR practices. Active participation in FCS forest certification by many Northwest Russian forest companies is a mechanism to safeguard sales in Western markets. In addition, both Russian and foreign holding companies have fostered FSC certification as they have adopted the policy of certifying their forest operations. In consequence, they also require their subsidiary companies to certify their forest operations (Kotilainen et al. 2009; Kuliasova 2010; Tysiachniouk 2010a, 2010b; Kuliasov and Kuliasova 2010; Tulaeva 2010). Studies also show that for foreign forest companies, forest certification and close cooperation with well-known international NGOs and other stakeholders are mechanisms for adjusting to the Russian business environment (Tysiachniouk 2010a).

Concluding remarks

Northern forests have traditionally played a considerable role in the economies, livelihood and way of life in the north. The small number of tree species, large forest areas, and slowly maturing, high-quality wood are often regarded as advantages of the northern areas, providing a good environment for the economic exploitation of forests. The Barents Region plays an important role in the production of chemical forest industry products in Russia (Välkky et al. 2008).

Forest companies are clearly, in many ways, an important force in the Russian part of the Barents Region, making considerable contributions to the overall living conditions of the area (e.g., Rossiiskaia Gazeta 2012a, 2012b). Given the

importance of the forest industry in the economy of Northwest Russia, there is significant economic power in the hands of the forest companies. However, the issue of social sustainability is also extremely significant. In the Russian part of the Barents Region, the CSR practices of the forest companies are important not only for the forest companies themselves, but also for the local communities and the people who inhabit them. Russia's socialistic past and the weak social and economic conditions in many localities have strengthened the powerful role of the forest industry in the Russian part of the Barents Region. However, the dependence of local communities on local firms makes the localities rather vulnerable, and sudden changes in the global forest industry can have a serious impact on them. Furthermore, there is no doubt that social responsibilities lead to extra costs and impair the competitiveness of the forest companies. In a market economy, extensive social tasks and responsibility for the well-being of local people are clearly burdensome for companies.

In accordance with the concept of legal pluralism, the contemporary CSR in the forest sector in Northwest Russia is certainly a field in which several regulatory systems co-exist. Naturally state legislation establishes a basic framework that defines what companies can do and what they cannot do. In addition, the CSR practices of the forest companies are governed by private regulation. The FSC forest certification standards that have emerged in the forest sector in the Russian part of the Barents Region are a good example of private regulation. Legal pluralism stresses the rule-creating role of private actors such as companies. The forest companies in the Russian part of the Barents Region can be regarded as powerful actors in part because of their rule-creating activities. In fact, it seems that the rule-creating capacity of the forest companies has increased and improved. The forest sector in Northwest Russia is dominated by large companies. These companies have adopted alternative regulatory instruments such as FSC standards to govern their behavior, while developing their CSR practices. Furthermore, NGOs participate vigorously in discussions concerning responsible behaviour in the forest industry. Therefore, the CSR of the forest companies is not solely in the hands of the forest companies themselves.

However, the complexity and plurality of the regulatory environment also creates challenges for the companies (Hutter 2006). The requirements of different regulatory systems, which sometimes conflict with each other, allow for multiple interpretations (Michaels 2005). Companies have to learn

how to cooperate with various stakeholders and find ways to navigate in multiple regulatory regimes. In Russia, for instance, differences between forest certification criteria and forest legislation have created tensions between the forest companies and the authorities. Forest companies have been forced to make special arrangements to fulfil certification criteria and to find a balance between different requirements (Pappila 2009).

This chapter has evaluated CSR in the forest sector in the Russian part of the Barents Region. For lawyers and legal studies, CSR is a rather difficult topic to deal with, since CSR is routinely considered to be something that goes beyond the requirements of law. The "voluntary versus mandatory CSR" debate emphasizes the problematic relationship between law and CSR. However, it has been suggested that the whole debate whether CSR should be voluntary or mandatory is misguided (Zerk 2006). It overlooks the fact that in many jurisdictions, CSR-related issues – like workplace health and safety, consumer and environmental protection, just to mention a few – are already regulated by law. On the other hand, the voluntary versus mandatory CSR debate reflects a simplistic view of what law is and how it guides human behaviour. Regulatory regimes are not bullet-proof; there are grey areas and loopholes. In these situations the socially responsible response may well be to comply with the spirit of the law rather than to try to avoid it (Zerk 2006). Thus, a forest company cannot claim to be responsible while at the same time logging valuable forest areas, even if, due to some loopholes in legislation, it may have the right to do so. CSR and law are not separate but, in reality, closely intertwined.

References

BENDA-BECKMANN, F. VON (2002). Who's afraid of legal pluralism? *Journal of Legal Pluralism* 47, 37–82.

BENDELL, J. (2004). Barricades and boardrooms: A contemporary history of the corporate accountability movement. UNRISID, Technology Business and Society Programme Paper, No. 13. United Nations Research Institute for Social Development.

BENDELL, J. & BENDELL, M. (2007). Facing corporate power. In S. May, G. Cheney & J. Roper (Eds.), The debate over corporate social responsibility, pp. 59–73. Oxford: Oxford University Press.

BERMAN, P. (2007). Global legal pluralism. *Southern California Review* 80, 1155- 1237.

CASHORE, B. (2002). Legitimacy and the privatization of environmental governance: How non-state market-driven (NSMD) governance systems gain rule making authority. *Governance: An International Journal of Policy, Administration, and Institutions* 15(4), 503–529.

CASHORE, B., AULD, G. & NEWSON, D. (2006). Legitimizing political consumerism: The case of forest certification in North America and Europe. *Zhurnal sotsiologii i sotsial'noi antropologii* X, 278–306.

EUROPEAN COMMISSION (2001). *Green paper promoting a European framework for corporate social responsibility.* Commission of the European Communities, COM(2001) 366 final, Brussels 18 June. Retrieved March 2012, from http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0366en01.pdf.

EUROPEAN COMMISSION (2002). *Communication concerning corporate social responsibility: A business contribution to sustainable development*. Commission of the European Communities, COM (2002) 347 final, Brussels 2 June. Retrieved March 2012, from http://trade.ec.europa.eu/doclib/docs/2006/february/tradoc_127374.pdf.

EUROPEAN COMMISSION (2011). *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions. A renewed EU strategy 2011-14 for corporate social responsibility*, COM (2011) 681 final Brussels 25 October. Retrieved March 2012, from http://ec.europa.eu/enterprise/newsroom/cf/_getdocument.cfm?doc_id=7010.

GRIFFITHS, J. (1986). What is legal pluralism? *Journal of Legal Pluralism* 24, 1–55.

HELSINGIN SANOMAT (2008a). Stora Enson toimintatapa nostaa esiin valtion roolin. 18 January 2008.

HELSINGIN SANOMAT (2008b). Massaliike panee edelleen hanttiin. 23 January 2008.

HELSINGIN SANOMAT (2008c). Stora Ensosta tulee hallitukselle välikysymys. 8 February 2008.

HELSINGIN SANOMAT (2009). Yhteiskuntavastuun politisointi voi ehkäistä konflikteja. 30 May 2009.

HUTTER, B. (2006). *The role of non-state actors in regulation. Discussion paper.* The London School of Economics and Political Science. Retrieved March 2012, from http://eprints.lse.ac.uk/36118/1/Disspaper37.pdf.

KARVINEN, S., VÄLKKY, E., TORNIAINEN, T. & GERASIMOV, Y. (2006). Northwest Russian forestry in a nutshell. *Working papers of the Finnish Forest Research Institute* 30. Retrieved November 2011, from http://www.metla.fi/julkaisut/workingpapers/2006/mwp030.pdf.

KIRTON, J.J. & TREBILCOCK, M.J. (2004). Hard choices and soft law in sustainable global governance. In J.J. Kirton & M.J. Trebilcock (Eds.), *Voluntary standards in global trade, environment and social governance*, pp. 3–29. Aldershot: Ashgate.

KORTELAINEN, J. & NYSTÉN-HAARALA, S. (2009). Construction of trust in Russian mill towns. In S. Nystén-Haarala (Ed.), *The changing governance of renewable natural resources in North-West Russia*, pp. 149–167. Farnham: Ashgate.

KOTILAINEN, J., KULIASOVA, A., KULIASOV, I. & PCHELKINA, S. (2009). Re-territorializing the Russian North through hybrid forest management. In S. Nystén-Haarala (Ed.), *The changing governance of renewable natural resources in North-West Russia*, pp. 131–147. Farnham: Ashgate.

KULIASOVA, A. (2008). Rol' NPO v stimulirovanii korporativnoi sotsial'no-ekologicheskoi otvetstvennosti lesnogo kholdinga na primere PLO "Onegales". In M. Tysiachniouk (Ed.), *Rol' grazhdanskogo obshchestva v stimulirovanii korporativnoi sotsial'noi otvetstvennosti,* pp. 126–152. Moskva: Nauchnye doklady MONF No. 202. Retrieved January 2012, from http://www.mpsf.org/files/books/nd1466.pdf.

KULIASOVA, A. (2010). Stolknovenie biznes-kul'tur: transformatsiia postsovetskogo predpriyatiia pri vkhozhdenii v mezhdunarodnyi kontsern. *Zhurnal sotsiologii i sotsial'noi antropologii*, spetsial'nyi vypusk: Internatsionalizatsiia, doverenie i mnogoaktronoe upravlenie prirodnymi resursami XII, 253–282.

KULIASOV, I. & KULIASOVA, A. (2010). Konstruirovanie doverenia pri lokalizatsii global'nogo protsessa lesnoi sertifikatsii: rol' NPO i ekspertov. *Zhurnal sotsiologii i sotsial'noi antropologii,* Spetsial'nyi vypusk: Internatsionalizatsiya, doverenie i mnogoaktronoe upravlenie prirodnymi resursami XII, 283–331.

LEHTINEN, L. (1997). *Venäläinen osakeyhtiö: oikeudellisen perustan kehittyminen suunnitelmataloudesta markkinatalouteen siirtyvässä valtiossa yritysmuotojen ja erityisesti osakeyhtiön oikeudellisen aseman kannalta tarkasteltuna*. Helsinki: Lakimiesliiton kustannus.

MALETZ, O. & TYSIACHNIOUK, M. (2009). The effect of expertise on the quality of forest standards implementation: The case of FSC forest certification in Russia. *Forest Policy and Economics* 11(5-6), 422–428.

MATILAINEN, A.-M. (2009). The struggle for the ownership of pulp and paper mills. In S. Nystén-Haarala (Ed.). *The changing governance of renewable natural resources*, pp. 105-128. Farnham: Ashgate.

MATILAINEN, A.-M. (2010). Holding companies and business integration in the Russian forest industry sector. In T. Huttunen & M. Ylikangas (Eds.), *Witnessing change in contemporary Russia*, pp. 284-306. Kikimora Publications Series B 32. Helsinki: Aleksanteri-Instituutti.

MATILAINEN, A.-M. (2012). Forest companies, corporate social responsibility, and company stakeholders in the Russian forest sector. *Forest Policy and Economics*. Doi:10.1016/j.forpol.2011.12.006.

MERRY, S.E. (1988). Legal pluralism. *Law & Society Review* 22(5), 869-896.

MICHAELS, R. (2009). Global legal pluralism. Annual Review of Law & Social Science 5. *Duke Law School Public Law & Legal Theory Research Paper 259*. Retrieved November 2011, from http://ssrn.com/abstract=1430395.

MICHAELS, R. (2005). The re-state-ment of non-state law: The state, choice of law, and the challenge from global legal pluralism. *Duke Law School Faculty Scholarship Series* 21. Retrieved November 2011, from http://lsr.nellco.org/duke_fs/21.

NYSTÉN-HAARALA, S. (2001). *Russian law in transition*. Kikimora Publications Series B:21. Helsinki: Aleksanteri-Instituutti.

NYSTÉN-HAARALA, S. (2012). Creating trust in institutions in Russian forest localities. *Forest Policy and Economics.* Doi:10.1016/j.forpol.2011.12.004.

PAPPILA, M. (2009). Luoteis-Venäjän metsät ja sääntely. *Terra* 121(3), 211-216.

ROSSIISKAIA GAZETA – Ekonomika Severo-Sapada (2012a). Bez khoziaina 7 February 2012.

ROSSIISKAIA GAZETA – Ekonomika Severo-Sapada (2012b). Milliony dlia bumazhnikov. 21 February 2012.

SCOTT, C., CAFAGGI, F. & SENDEN, L. (2011). The conceptual and constitutional challenge of transnational private regulation. *Journal of Law and Society* 38(1), 1-19.

SHITKINA, I.S (2006). Kholding: Pravovoe regulirovanie I korporativnoe upravlenie. Moskva: Wolters Kluwer.

STAHL, B.C. (2004). The responsible company of the future: Reflective responsibility in business. *Futures* 37, 117-131.

TAMANAHA, B.Z. (2007). Understanding legal pluralism: Past to present, local to global. *Sydney Law Review* 29, 375-411.

TEUBNER, G. (1996). Global Bukowina: Legal pluralism in the world-society. In G. Teubner (Ed.), *Global law without a state*, pp. 3-28. Aldershot: Dartmouth Publishing Company. Retrieved November 2011, from http://ssrn.com/abstract=896478.

TORNIAINEN, T. SAASTAMOINEN, O. & PETROV, A. (2006). Russian forest policy in the turmoil of changing balance of power. *Forest Policy and Economics* 9, 403-416.

TULAEVA, S. (2007). Transformatsiya korporativnoi sotsial'noi otvetstvennosti predpriatii lesnogo sektora pod vliyaniem global'nykh protsessov. *Zhurnal sotsiologii i sotsial'noi antropologii* X, 112-126.

TULAEVA, S. (2010). Gosudarstvennoe i negosudarstvennoe regulirovanie v Rossiiskom lesnom sektore: Konfrontatsiya ili sotrudnichestvo? (Na primere vnedreniia sertifikatsii FSC v Rossii). *Zhurnal sotsiologii i sotsial'noi antropologii*, spetsial'nyi vypusk: Internatsionalizatsiya, doverenie i mnogoaktronoe upravlenie prirodnymi resursami XII, 126-153.

TYSIACHNIOUK, M. (2009). Conflict as a form of governance: The market campaign to save Karelian forests. In S. Nystén-Haarala (Ed.), *Changing governance of renewable natural resources in Northwest Russia*, pp. 169-196. Farnham: Ashgate.

TYSIACHNIOUK, M. (2010a). Rol' NPO kak strategicheskih partnerov biznesa v nostroenii modeli ustoichivogo lesopo'zovaniya. *Zhurnal sotsiologii i sotsial'noi antropologii* XIII, 154–185.

TYSIACHNIOUK, M. (2010b). Institutsional'nye izmeneniya v rossiiskikh lokal'nostiakh pod vliianiem transnatsional'nykh aktorov v protsesse lesnoi sertifikatsii. *Zhurnal sotsiologii i sotsial'noi antropologii*, spetsial'nyi vypusk: Internatsionalizatsiya, doverenie i mnogoaktronoe upravlenie prirodnymi resursami, XII, 203–251.

VILLIERS, C. (2008). Corporate law, corporate power and corporate social responsibility. In N. Boeger, R. Murray & C. Villiers (Eds.), *Perspectives on corporate social responsibility,* pp. 85-112. Cheltenham: Edward Elgar.

VOGEL, D. (2008). Private global business regulation. *Annual Review of Political Science* 11, 261–282. Doi:10.1146/annurev.polisci.11.053106.141706.

VOGEL, D. (2006). *Market for virtue: The potential and limits of corporate social responsibility*. Revised edition. Washington, D.C.: Brookings Institution Press.

VOLKOV, V. (2004). The selective use of state capability in Russia's economy: Property disputes and enterprise takeovers, 1998–2002. In J. Kornai, B. Rothstein & S. Rose-Ackerman (Eds.), *Creating social trust in Post-Soviet transition*, pp. 126–147. New York: Palgrave Macmillan.

VÄLKKY, E., NOUSIAINEN, H. & KARJALAINEN, T. (2008). Facts and figures of the Barents forest sector. *Working papers of Finnish Forest Institute* 78. Retrieved November 2011, from http://www.metla.fi/julkaisut/workingpapers/2008/mwp078.htm.

WARD, H. (2008). Corporate social responsibility in law and policy. In N. Boeger, R. Murray & C. Villiers (Eds.), *Perspectives on corporate social responsibility*, pp. 8–38. Cheltenham: Edward Elgar.

WOODMAN, G.R. (1998). Ideological combat and social observation: Recent debate about legal pluralism. *Journal of Legal Pluralism* 42.

ZERK, J. (2006). *Multinationals and corporate responsibility: Limitations and opportunities in international law*. New York: Cambridge University Press.

CHAPTER 5

Stefan Walter

CLIMATE CHANGE IN THE NORTH – A COMPLEXITY PROBLEM

Introduction

Climate change is widely considered to be a complex problem. This is reflected in the literature dealing with climate change and its potential impact. For example, O'Brien and Leichenko (2000) consider that climate change, coupled with economic globalisation, produces a complex regime and creates a double exposure: one stemming from climate change, the other from globalisation. Although there is great uncertainty, the authors agree that this regime will create both winners and losers due to the unequal development of climate change and the process of globalisation.

Related to the exposure to climate change, and coupled with other social processes, is the assessment of the capacity to mitigate and adapt. On the basis of common scenarios, dynamic changes over time, and risk assessments, van Vuuren et al. (2011) conclude that no optimal mitigation, adaptation or combination of the two can be pursued in reality. This is due to large uncertainties in data, methods and models. While van Vuuren et al. acknowledge the complex nature of climate change and its social linkages, they nevertheless point out the usefulness of 'mathematical' scenarios to get an idea of future evolution. It may be argued that they confuse complicatedness with complexity, a not uncommon mistake. Van Vuuren et al. do realise, however, that whenever human action is concerned, the prescribed scenarios seem to lose their significance.

This estimation is confirmed by Anisimov et al. (2007), who authored the chapter on polar regions in the *IPCC Fourth Assessment Report (AR4) Climate Change 2007: Impacts, Adaptation and Vulnerability*. While they agree that the impact of climate change in the polar regions will exceed the forecasted impact on other regions, they also argue that the regions show an enormous complexity in their interactions. Furthermore, the responses of biological and human systems are equally highly complex. Thus, the future impact of climate change is very difficult to predict.

In climate governance this complexity is acknowledged. As an object of analysis in terms of policy recommendations, however, climate governance is difficult to assess, given the complexity of adaptation measures. This is exacerbated by the uncertainties surrounding climate change and its impact (Smit et al. 2001). Nevertheless, governance efforts are continuing.

This raises the question of why the situation is as it is. Apparently, agencies that govern have a particular understanding of complexity, one which seemingly ignores some of the scientific views that have been presented. It is also true that scientists can likewise be the victims of misunderstandings, as van Vuuren et al. show.

This chapter aims to shed light on the process that guides governance on climate change. In particular, the author will show examples of policies or political initiatives on combating climate change in the North, notably – but not exclusively – concerning the Barents Region. This will provide the opportunity of comprehending the rationality of politics as well as answering broader questions of scientific approaches which may lead to misunderstandings. The complexity of climate change governance is shown by introducing various positions, including general governmental, legal, political, economic and scientific positions and contrasting their expectations.

The chapter is based on a logical scientific approach that is somewhat in contrast to an empirical approach and that differs fundamentally from a critical approach, which forms the basis for normative studies. The chapter, thus, aims to correct the picture that emerges when political rationality enters into research thinking as a norm.

Climate governance in the North

The contemporary concept of governance is largely concerned with the integration of a variety of social interests, ranging from cultural, economic and public to ecological aspects, reflecting the diversity of interest groups seeking power. Governance seeks to integrate these interests so as to create a common regime through which control of a planned outcome is possible. Because of this, it is closely related to the concept of sustainable development, in which different dimensions of our social existence ought to be incorporated into a common effort, such as the environment and the economy, in order to produce

social well-being. As is well known, this concept takes into consideration not only the present generation but also generations not yet born so that the present does not overexploit and threaten the regenerative capacity of certain resource ecologies (cf. World Commission on Environment and Development 1987). Hence, sustainability has a strong future orientation.

The persistent orientation of governance – and, particularly, of the governance of sustainability – towards the future is likely to result in the conclusion that integration is never sufficient. This is particularly visible in political theories on the resolution of conflicts – be they political, judicial, economic, or environmental – which commonly suggest stronger integration and cooperation to overcome disagreements (cf., e.g., Heininen 2002). However, it is important to remember that there is not just one rationality, not just one 'global' value to follow in society. For example, in Niklas Luhmann's theory of social systems, social systems as agents of control are self-organising. Systems define the criteria according to which they control. Thus, the method of cognition of one system differs from the method of another system. Perception and knowledge are transformed from absolute to relative (cf. Luhmann 1984).

A social system observes and thereby applies its own logic of distinction that separates the system from its environment (Luhmann 1984, 63). The logic is based on a binary code, which makes it possible to filter stimuli from the environment in order to organize them in a way that is acceptable to the system. Most notably, society includes functional systems such as politics (which distinguishes itself according to the logic coded as power/opposition), economy (solvency/insolvency), science (true/untrue), education (being better/being worse), law (legal/illegal) and religion (immanence/transcendence) (cf. Luhmann 1984, 1986).

Governance in the struggle against climate change, however, is in opposition to this theory of social systems. It follows, rather, the rationale of politics. Generally, climate governance aims broadly at the implementation of two different strategies, namely mitigation and adaptation. Mitigation is particularly well known in the context of climate change and is concerned with stabilising and reducing carbon dioxide emissions in the atmosphere so as to slow down or stop global climate change. Thus, mitigation has attracted a great deal of attention, particularly in political agreements such as the Kyoto Protocol.

Adaptation, however, has become increasingly important due to the assumption that the environment and global climate will continue to change

even under the strictest of emission control regimes (see, e.g., Solomon et al. 2007). In addition, adaptation is said already to be occurring in areas where climate change leaves people particularly vulnerable, especially in the Arctic regions, where a changing climate is projected to have greater effect than in the temperate regions of the earth. As an object of analysis in terms of policy recommendations, adaptation is, however, difficult to assess, given the complexity of adaptation measures. This difficulty is exacerbated by the uncertainties surrounding climate change and its impact (Smit et al. 2001).

Even though there is uncertainty, it appears that we must continue governing in any case in order to combat climate change. This reflects the common position of governance as described above, which is to suggest continuity and more integration to solve problems. This continuity is reflected, for example, in the following quotation from the Commission of the European Communities (2006), which is typical of governance efforts to comply with sustainability goals by trying to counteract climate change:

> The EU is already at the forefront of approaches to decouple economic growth from increasing energy consumption. Its action has combined robust legislative initiatives and energy efficiency programmes with encouragement to competitive and effective renewable energy. However, the EU's commitment to fighting climate change is a long-term one. (Commission of the European Communities 2006, 10)

Furthermore, present levels of commitment, integration and cooperation are never sufficient in governance. They can always be increased, as shown by the following quotation:

> Although Europe is already one of the world's most energy efficient regions, it can go much further. In its 2005 Green Paper on Energy Efficiency, the Commission showed that up to 20% of EU energy use could be saved: equivalent to spending as much as € 60 billion less on energy, as well as making a major contribution to energy security and creating up to a million new jobs in the sectors directly concerned. (Commission of the European Communities 2006, 10)

As stated above, governance appears to be superficially interested in building up platforms for conflict resolution. According to Koivurova (2007), dispute mechanisms are either political or legal in nature. Governance processes in combating climate change can therefore be said to include both. I will introduce examples of both political and legal governance efforts in the North, starting with a political effort: the Barents Euro-Arctic Council.

Political climate governance: The Barents Euro-Arctic Council

The Barents Euro-Arctic Council (BEAC) was established in 1993 as a security organisation in the Barents Euro-Arctic Region. Sreejith (2009) explains that the BEAC's rationale concerning environmental and particularly climate protection is based on the understanding of their region as a fragile area. This general outlook is appropriate for the BEAC, given the artificial structure of the modern Barents Region and the peculiar approach through which climate change is addressed as an issue. Sreejith (2009, 383ff.) calls this approach "subjective environmentalism".

Thus, the BEAC's general strategic outlook on environmental issues is that of environmental security. While the environment was important from early on, climate change emerged as a priority area of the BEAC only as late as 2003. Through the scientific expertise of the Arctic Climate Impact Assessment (ACIA), the BEAC was able to form, as Sreejith puts it, "a ghastly picture of the threats of climate change and its impacts on the region" (Sreejith 2009, 391). Strategic cooperation in the Barents Region was reformed as climate change cooperation. Organisationally, this required extensive cooperation across different sectors and work groups of the BEAC. Following the theoretical explorations on the concept of governance, these decisions make cooperation much easier. Sreejith himself confesses as well that the raising of fear unites the region and helps governments gain power.

The BEAC acts predominantly through its working groups, including the Working Group on Economic Cooperation, the Working Group on Energy and Research, and the Working Group on Indigenous Peoples. The first group, the Working Group on Economic Cooperation, is naturally concerned with economic development in the Barents Region. Thus, its views on environmental protection and measures to combat climate change are rather limited. However, its main cooperation on climate change comes about through its Forest Sector

Task Force, which is primarily concerned with forestry development. A priority for forestry development is the construction of a model forest which not only has an economic function but also provides an ecological function. Furthermore, it is expected to act as a forum for social interaction, both at the local and regional levels (Sreejith 2009).

Sreejith explains that since climate change is expected to have an impact on the balance of such a model forest with corresponding consequences for economic welfare, the Task Force focuses on market-based mechanisms, including financial mechanisms and types of management that favour carbon storage. This is in line with other programmes that support environmentally sound investment projects. It must be said, however, that any model, even a model forest, is an ideal. In other words, it is a construction which has no correspondence in the real world. It is, after all, due to the invention of an ideal type that a disruption can be identified, which then calls for a governance intervention. Furthermore, financial development tools, even if they are market-based and environmentally sound investments generally, only lead to greater inefficiencies in the use of available resources. The implementation of those measures will lead to a lower level of social welfare. These are, thus, good examples where the rationalities of politics, economy and science collide.

The Working Group on Energy has a number of focal points in its work, among others energy efficiency, project financing and bioenergy. Its priority is to promote the adoption of strategies and goals in order to make exploration, production and transmission of energy in the Barents Region more sustainable. The Group also pushes for broad acceptance and implementation of the Kyoto Protocol for the limitation of carbon dioxide. Immediate measures include the reduction of energy consumption in the Barents Region and general energy savings. In connection with those goals energy efficiency should be enhanced. Furthermore, the Group envisions the region having an investor-friendly energy market (Sreejith 2009). It is important to understand here that energy is not actually produced. Neither can energy be destroyed. The emphasis from a physical point of view is on transformation, which is the process by which energy achieves different forms for use. Sustainability, from this perspective, acquires a rather different meaning, one which is best served through the market, where energy is transformed in the most efficient and effective ways. In addition, energy taxation as part of the implementation of the Kyoto Protocol, subsidies and the creation of an investor-friendly market may turn out to be incompatible goals.

The Working Group on Indigenous Peoples generally advises the BEAC regarding the indigenous peoples in the Barents Region. The environment has been a priority area for a decade, with a particular focus on threats of security and accessibility with regard to natural resources. Pollution of the environment, unprofitable development and climate change, which have serious consequences for the lives of indigenous peoples, are the special areas that the Group addresses. Ideally, the group supports the development of optimal conditions so that the uniqueness of indigenous cultures can be protected (Sreejith 2009). Of course, it can be conceded that pollution is connected with unprofitable development. Projects which prove to be unprofitable tend to grow in number with government subsidies. Hence, goals laid down may be contradictory in practice.

While generally the issue of climate change is multidimensional (a factor that makes it complex), the BEAC has incorporated the issue of climate change on the basis of its being a threat to security. Nevertheless, as mentioned previously, the BEAC supports the fight against climate change through an approach called subjective environmentalism. There is an economic impulse which is particularly represented by the Working Groups on Economic Cooperation and Energy, and which suggests that environmental solutions on their own are not economical. However, the BEAC, with its overarching umbrella approach, does not address climate change separately. Rather, the BEAC "becomes an example for how global issues such as climate change are contextually altered and subjectively dealt with", as Sreejith (2009, 395) describes it. The importance of this particular contextualisation and its consequences will become clear in a later section on complexity.

By choosing not to address climate change outside the notion of climate change as a security threat, the BEAC keeps its options open. The issue of threats is especially significant when one keeps in mind that fear creates unification, a particularly clever method of region building. This is especially significant in the context of globalisation, where regions are counter-concepts in a way, but also, through regional integration, offer combined economic infrastructures with heightened appeal for investors (Sreejith 2009). Thus, it is not climate change as, say, scientific concept that counts. Rather, the BEAC's efforts are fully in line with the theoretical explorations done on the nature of governance, leading to increasing cooperation and integration over time.

Legal climate governance: The Inuit petition

The Inuit do not, arguably, inhabit the Barents Region. However, the governing effort undertaken by the international community in the context of combating climate change and its impact on Arctic indigenous peoples is rather unique. Therefore, I will describe it briefly.

At present the only initiative by an indigenous people to actively petition against a major emitter of carbon dioxide is the petition of the Inuit Circumpolar Council (ICC) against the United States on the grounds that the country is violating the human rights of the Inuit (Koivurova 2007).

Remarkably, this case recognises the connection between human rights and environmental quality. Hence, if climate change affects environmental quality in a negative way, human rights are violated. This is the case even though the complexity of the matter concerning the impact of climate change does not allow for a clear picture with regard to concrete causes and impacts.

The Inuit petition incorporates many different sources of scientific evidence which are intended to prove that climate change is the result of human activity and also that the impacts of climate change are indeed taking place (Koivurova 2007). While there are many uncertainties regarding cause and effect, and the existence of many sources appears to resemble – following system thinking – a worldview where different rationalities co-exist side by side, the process of governance continues to proceed seemingly undisturbed towards greater control through integration, confirming the political rationality of gaining or maintaining power.

Nevertheless, the Inuit petition represents a significant effort towards creating a perception of climate change as a human rights problem (Koivurova 2007). The question is, however, to what extent any other environmental change can be considered a human rights problem. By extension, even social change could be seen as a human rights problem if it has a negative impact on particular cultures. Koivurova sheds light on the actual intention of governance efforts to combat climate change. The aim is to enact a more efficient and long-term climate policy. While implementation is national and regional, as in the case of Arctic climate governance, the regime as such, in any case, is 'global'. The global regime presses for the implementation of a universal standard of what is considered just and efficient. This omits the fact that value judgements (what is seen as just and efficient) are always subjective. Human action exists

on the basis of subjective decision-making. Goal seeking, again, occurs on the basis of subjective estimates of costs and gains. Thus, values are subjective (cf., e.g., Brownstein 1980). There is, effectively, no way of defining a collective social problem. This fits the variety of rationalities present in society and which ultimately constitute the climate change discourse.

Political climate governance II: Sami concerns

With regard to the Barents Region, the most important among its indigenous peoples are the Sami. The efforts of the Sami in relation to climate change concentrate on political influence. Within the boundaries of these efforts, the focus is especially on aspects of traditional knowledge and age-old ways of adaptation and living and the right to practice them.

Retter (2009) writes that climate change is a problem particularly because it occurs in combination with increasing development in the Sami area and globalisation. This confirms the assessment by O'Brien and Leichenko (2000). A great concern is increased access to non-renewable resources. Equally important, however, is the fact that general governmental efforts to mitigate the effects of climate change are causing big problems for the Sami, due to the accelerating interest in renewable resources. Thus, the Sami are said already to be suffering from the impact of climate change, recognising that the actual impact of climate change is in the form of changing governmental plans to adapt to and mitigate the impact of climate change.

While the Sami consider themselves to have the capacity to adapt successfully to environmental changes, climate change poses a challenge which the Sami have not faced before. As a result, decision-making ought to be based on the best available knowledge (Retter 2009). While this may be the case in general, there is a call to value traditional and scientific knowledge equally, with the objective of merging them in order to create new and better knowledge to deal with climate change. Although this may sound like a useful aim and, consequently, there are policies demanding just that, knowledge is rather personal. Values are likewise personal. A value cannot be extracted and formed to become someone else's knowledge. Therefore, on the basis of the writing of Brownstein (1980), as explored earlier, I assert that different people's knowledge cannot be valued equally. This exemplifies a range of expectations, many of which incorporate contradictions when looked at from a logical point of view.

Nordic industrial policy for climate change

Highlighting industrial policy for climate change makes for an interesting case. To some extent, it challenges or even contradicts mainstream views that combating climate change and its impact is in strict opposition with industrial activities.

In any case, the Nordic business sector shows great engagement and determination in the formulation of policy positions for the governance of climate change in the North. A report published by the confederations of Nordic industries, enterprises and employers makes it clear that action is needed to combat climate change in the North (Juhler-Kristoffersen 2007).

In the context of mitigation and adaptation, Nordic business is particularly interested in fair and equal chances. Thus, all large emitters of greenhouse gases should be involved in making significant contributions to combating the global challenge of climate change. There is also, however, in this statement a clearly expressed fear of losing out if everyone is not involved. Nevertheless, business has to thrive. Thus, welfare expectations have to be met so that sustainable economic growth can take place. Therefore, climate change needs to be addressed in the most cost-effective way so that business competitiveness can be maintained within the Nordic region and the wider European theatre.

According to the confederations, there is no apparent contradiction between economic growth and reduction of emissions. Both are necessities for sustainable development, but they need to be appropriately coordinated. In particular, the importance of the European Union (EU) as an example on the forefront of combating climate change is emphasised. The EU's goal is to reduce greenhouse gas emissions within its territory by at least 20 percent by 2020 (Juhler-Kristoffersen 2007). Remarkably, and displaying a rare feeling in favour of the abolition of the market, the EU is associated with implementing appropriate rules and also technology for energy efficiency in order to reduce energy consumption to the planned level. This is even more astonishing as it is rare for a political agent to be the one implementing the desired changes.

The business sector acknowledges political leadership in setting goals and implementing concrete policies. It is feared, however, that competitiveness will suffer when companies can invest more cheaply outside the EU. Hence, a global regime which ensures fair competition is desirable (Juhler-Kristoffersen 2007). Rothbard (1995, 314) remarks, in such a context:

> [W]hen businessmen talk of 'fair trade' or 'fair competition', it means that they are pressuring the government to use coercion to cartelize their industry, to restrict production, raise prices, and allow the flourishing of inefficient and uncompetitive practices.

While energy efficiency is the goal, inefficiency is the rule. Nevertheless, it is recommended that the focus of policy making should be on energy supply and energy demand. A trading mechanism should be established for renewable energy technology. However, this trading mechanism should not distort competition (Juhler-Kristoffersen 2007). To some extent, this expectation reflects the one mentioned above, where industry advocates a 'plan' at the expense of the market. Arguably, while trade is the best way of allocating resources in the most efficient and effective way, trade through a mechanism that does not distort competition is called a "market".

The Nordic business sector is naturally concerned with how to share the burden of reducing greenhouse gas emissions (Juhler-Kristoffersen 2007). This position is clear when one keeps in mind the industry's position that competitiveness would suffer if there was no equal burden. Eventually, however, sharing the burden means that most notably the tax payer has to suffer.

The confederations of Nordic industries, enterprises and employers are, like some of the holders of the scientific positions presented earlier, victims of misunderstandings. The association recognises that from a historical perspective economic growth has gradually implied the development and introduction of new technology which has made industrial processes more energy efficient. The significant rise of energy prices is also seen as an important factor supporting the adoption of energy efficient technologies in order to curb emissions (Juhler-Kristoffersen 2007). It is remarkable, however, that economic growth in the past has been due to real increases in productivity. Higher prices of energy due to, for example, increased taxation on energy consumption, did not lead to economic growth. On the contrary, growth generally leads to lower energy prices.

The Nordic business sector does not seem to believe in its own ability to finance innovation. Therefore, the promotion of better technologies to adapt to climate change will also require state aid (Juhler-Kristoffersen 2007). This removes the entrepreneurial risk of investment and socialises it, so that

eventually the taxpayer bears the risk for the planned investment in particular technologies. This demand is even more remarkable since, at the same time, the arrangements that are made are not supposed to distort competition.

Moreover, by suggesting that climate change initiatives should be implemented so that they allow for flexibility in the way companies meet the 2020 target of the EU, the confederations of Nordic industries, enterprises and employers acknowledge in effect that a planned economy is needed (cf. Juhler-Kristoffersen 2007). This is in accordance with the Green Paper, which the European Commission developed to outline several different areas of possible future action so that the challenges ahead can be addressed, among other areas sustainable development as a strategy combining climate change and energy policies:

> How can a common European energy strategy best address climate change, balancing the objectives of environmental protection, competitiveness and security of supply? What further action is required at Community level to achieve existing targets? Are further targets appropriate? How should we provide a longer term secure and predictable investment framework for the further development of clean and renewable energy sources in the EU? (Commission of the European Communities 2006, 5)

What is complexity anyway?

Macdonald et al. (2005), realizing that the human factor removes the ability to model predictions – like van Vuuren et al. (2011) a few years later – give a hint of what complexity means for the empirical analysis of environmental impacts exacerbated by global and climate change when they write about the interaction of physical and biological, but also social, systems in the Arctic. Concentrating on the pathways of contaminants, Macdonald et al. realise the high degree of complexity of the factors involved when attempting to model such integrated systemic regimes. The complexity of modelling the pathway of contaminants is true for both the biological systems affected by contaminants and the human emitters of contaminants.

Arguably, political agencies – but also many scientists, as demonstrated here and previously in the introduction – have a peculiar understanding of

complexity. It appears that complexity is taken for complicatedness. But how can those concepts be distinguished? Generally, governance has a strictly linear outlook. Governance exists at many different levels: governmental as well as personal, familial and corporate as well as regional and intergovernmental (Sovacool 2011). While it has the afore-mentioned orientation towards the future, independent of who is governing, governance assumes that different factors can be aligned so as to control a particularly desired outcome. Governance thus attempts to establish hierarchical structures or systems of control. Goldammer and Kaehr (1987) show the problematics of using concepts like linearity and complexity without establishing an explanatory framework first: problems which occur likewise when applying the rationality of politics to scientific research. Goldammer and Kaehr begin by introducing the concepts of complicatedness and hierarchy and contrast them with their equivalents, complexity and heterarchy.

The concept of the complex system refers to the degree of complexity of its description. Complex systems consist of hierarchically and heterarchically – i.e., superordinated and coordinated – organised structures. A hierarchy is described using a single-value logic, which in the case of governance, which has a linear outlook, translates as: 'Government wants to control, therefore government can'. Heterarchy, in contrast, implies a multitude of logics. In the case of governance, this translates as: 'Government wants to control. However, there are also other rationalities besides the political'. Thus, complexity describes the measure of the number of logics placed in a certain setting (cf. Goldammer & Kaehr 1987). This corresponds to Casti's thesis:

> How many inequivalent descriptions of N can our observer generate? The complexity of a system N as seen by an observer is directly proportional to the number of such descriptions. (Casti cited in Dijkum 1997, 731)

Complicated systems should be seen as complementary to complex systems. Complicatedness refers to the parameter structure to describe a system. A machine may be very complicated in this respect, but the machine is not complex; it is engineered, after all. A description of amoebae in the Arctic, themselves uni-cellular systems of relatively low complicatedness that continuously change shape, is, on the other hand, of comparatively high complexity (cf. Beyens & Chardez 1995; Goldammer & Kaehr 1987).

This insight into complexity arguably affects the scientific understanding of climate change and its impact in the Arctic and beyond. The insight leads to diversity in understanding, assumptions and expectations ranging from, for example, the positions of the Intergovernmental Panel on Climate Change (IPCC) (e.g., Anisimov et al. 2007; Solomon et al. 2007; Smit et al. 2001) and the Arctic Climate Impact Assessment (Arctic Climate Impact Assessment 2005) to assessments such as that of Gerlich (2007). Following are a number of statements comprising observations and proposed actions which are particularly relevant for a better understanding of the complexity of climate change:

> In order to limit the forthcoming rise of global temperatures at the agreed target of maximum of 2 degrees above pre-industrial levels, global greenhouse gas emissions should peak no later than 2025, and then be reduced by at least 15%, but perhaps as much as 50% compared to 1990 levels. Act now, in particular on energy efficiency and renewable energy. (Commission of the European Communities 2006)

> At the heart of the problem is the production and use of fossil fuel – particularly the emissions of carbon dioxide from the burning of coal, oil and gas. There are laws in place now that can address this; encourage the enforcement of the law to combat climate change. (Climate Justice Programme 2011)

> Climate change impacts on everyday life by changing expectations. Indigenous peoples request empowerment to cope with changes. (Arctic Climate Impact Assessment 2005)

> There is no global radiation budget. Local temperatures determine heat radiation, not vice versa. The application of physical principles will correct incorrect assumptions. (Gerlich 2007)

Thus, we can observe diversity, which leads to the formation of complexity. This complexity in climate change is also mirrored in recent reflections even on the validity of climate change and its impact. Those who doubt the seriousness of climate change are called sceptics. The sceptical group has increased in size sufficiently to generate serious resistance to plans to implement mitigation and

adaptation measures. Hence, there is even a growing body of scientific and popular literature that is sceptical about climate change. This body reflects how climate change research is observed, by scientists and laypeople alike. Examples include Rahmstorf (2004), who divides sceptics into three different groups, namely trend sceptics (arguments against the warming trend), attribution sceptics (arguments against the human contribution to climate change), and impact sceptics (arguments against the negative impact of climate change). Poortinga et al. (2011) found in a corresponding study that climate change scepticism is currently not very widespread. Although uncertainty and scepticism about the potential impact of climate change are rather common, trend and attribution scepticism are far less widespread. Their conclusions seem, in any case, somewhat cliché-like, stating, for example, that climate scepticism appears to be especially common among older individuals from lower socio-economic backgrounds who are politically conservative and who have traditional values. On the other hand, climate scepticism is far less common among younger individuals from higher socio-economic backgrounds who have self-transcendental and environmental values.

Arguing for a logical reality

How can we now conceptualise our newly gained understanding of complexity and its implications? In the introduction I made it clear that the paper is founded on a logical scientific approach which is in contrast to purely empirical research and particularly critical analysis. The logical approach implies that the concept of complexity, as a consequence of many different descriptions of the phenomenon of climate change and its impact, should be incorporated into any governance considerations. This offsets classical logic and revolutionises governance and requires some explorations in theory.

Generally, discussions of the topic of political control and governance eventually lead to the emergence of the reality/normativity dichotomy. Thus, some scholars maintain that the purpose of scientific research should be founded on the moral position that favours the improvement of society and its living conditions, creating a normative outlook. On the other hand, other scholars support the function of science as providing a descriptive reality based on logical argumentation, culminating in the reality approach in science.

It is, of course, in the nature of politics to have a normative outlook. After all, it aims at making changes within the existing social configuration. This aim is associated with a kind of wishful thinking about steering development in society, and society is often connected with the image of a 'better' future, a futurist utopia.

However, theorising about climate change and its ecological and social consequences means theorising about reality. Theorising about reality, thus, has to do with what is actually happening, not what ought to be done. With respect to the governance of society for the purpose of dealing with the aforementioned consequences, the future has not happened yet. It actually never happens: since resource management always takes place in real time, it is always occurring in the present.

The reality approach essentially questions the very basis of policy making, its effectiveness. Given that governance takes place in the present only, it is actually not possible to know how the future is going to look. Thus, in terms of predicting outcomes, which is the nature of policy making, governance is largely a process of trial-and-error. This fits the following quotation:

> Politics [as a system] is only possible because nobody knows what the future holds. Hence, politics contains and enables exchangeable programmes. The programmes are as diverse as their possible (indeterminable) consequences. (Bolz 2004, 19)

The studies undertaken by Juhler-Kristoffersen (2007), Koivurova (2007) and Sreejith (2009) on the political role of the Barents Euro-Arctic Council in combating climate change, the initiatives in the international sphere to assist the Inuit in their effort to mitigate the impact of climate change, and the Nordic industry confederations' admission of particularly European politics in taking the lead on climate change governance, show that the ideas in the quotation above have not yet entered our consciousness.

More scientifically, reality can be understood through an analysis based on system theory. System theory is frequently misunderstood due to misconceptions about its apparent radical constructivism. System theory is the outcome of our awareness that logic matters in science (and science can stand here for the way we derive information). There is a tradition, however, of analysing reality as if it were a 'dead' object or a set of dead objects. The general goal in mainstream

research is not to understand reality as a living reality, but the analysis commonly assumes that life takes place outside the scientific observation.

As soon as humans or any other form of life are involved in the analysis and description, we are no longer dealing with dead objects. And here it does not matter whether the "*observing organism is part, partner, [and] … participant in its world of observation*" (Foerster, cited in Goldammer and Kaehr 1990, 2). Thus, reality is always a process for which the conventional ways, the single-value logic, of observation and measuring seem ill-suited. Consequently, a theory of reality must be concerned with life and the consequences for logical analysis. The explorations of O'Brien and Leichenko (2000), Macdonald et al. (2005), Anisimov et al. (2007) and van Vuuren et al. (2011) on climate change and its impacts in the North have shown this.

Life is considered to be a cognitive process; thus living systems are cognitive systems. Cognition refers to the ability to draw a distinction between oneself and one's environment. It is a process of self-referentiality, a form of consciousness where, with the capacity to make a decision, choices can be made based on self-generated alternatives. These alternatives use a system's internal image of the system itself and the system's environment. This is a significant statement, implying that a living, cognitive system makes its own choices and does not act upon decisions made in its environment. The system is, thus, autonomous.

Organisational autonomy also implies a process of self-organisation. This refers to the system's self-regulation, involving the reproduction of the systems through the system's elements. Through willful decisions the system structures its environment in so far as it determines what is relevant to the system and what is not. As a consequence, the system produces the very context within which the system observes. Moreover, if we assume that all such cognitive systems possess their own context within which meaning is generated, we will correspondingly get a reality that contains a multiplicity of values, logics and knowledges. The presence of autonomous cognitive systems leads to the above-mentioned complexity, the amalgamation of hierarchical and heterarchical orders.

Given now the parallel existence of many cognitive systems in reality, a simple subject-object relationship where the object is generalised as being independent of the subject is not sufficient. This single-value, monocontextural logic is not applicable at all. Monocontexturality implies that there is only one context of observation that is applicable to reality, one context that would provide an objective view of what is true and what is false. Incidentally, the

classical perspective of the so-called hard sciences, the natural sciences, is one where object and subject can be separated, conveying the idea that all things in nature constitute an objective truth. It is also the perspective of the critical approach, involving much of classical political rationality, where, through careful study, any phenomenon or process can potentially be controlled. In reality, however, this viewpoint does not hold up. It is logically incorrect.

Consequently, reality can then only be understood by what would be called a network of parallel-organised multi-value calculi (sets of rules), involving the interaction of many contexts with many logics. This represents wholeness (holism), which, in contrast to a reductionist (as by applying an unrealistic single-value logic) world view, is needed to describe reality. Philosopher and logician Gotthard Günther called the theory that is founded on a multi-value reality "polycontexturality theory"; it was developed between the 1950s and 1970s. The focus of analysis turns from the independent object to the relation between subject and object, or, in other words, the relation between the observer and the observed. Thus, polycontexturality theory as a theory of reality describes how the world is conceived as a whole (cf. Günther 1959).

The climate regime

How are the explorations in climate governance in the North, complexity and scientific theory related to each other? What general conclusions can we make concerning climate change on the basis of these insights? The answers lie in a formulation which we may call the climate regime.

As part of this regime the climate is considered as a physical system whose boundaries are defined by a (human) observer. This makes the climate an anthropogenic object; the climate is not natural if this implies a possible existence outside of human existence.

Physical systems like the climate as an object of analysis are open systems and engage in energy exchange. Also, physical systems change, for otherwise they could not be observed. Thus, change and observation enter into mutual dependency, leading to the emergence of the described climate regime. Incidentally, this means that anthropogenic climate change is normal. Moreover, only living systems transform energy; they do so through their own capacity (cf. Heylighen 1992). Unless the climate was itself a living system, it could

not produce physical change on its own. A purely physical system is always observer-made.

There are potentially countless observations of the climate system, not just one. Thus, different conclusions about the climate are possible, which might appear contradictory, but might equally be complementary in a description of climate. Furthermore, the projected climate regime does not exist in isolation. The climate regime likewise exchanges energy with other systems. Here, it is useful to look at Luhmann's (1984) description of functional social systems to understand in what ways the climate regime might interact with other parts of society, say, economy, politics, other areas of science, law, etc. It must be kept in mind that while there is an energy exchange, there is no information exchange; communication in society always refers to the continuation of the internal process of social systems. Hence, responses to the observation of the climate system are varied.

Viewpoints which are not compatible can nevertheless be true in their own right: that is to say, based on their respective frame of reference, their own peculiar logic. What is interesting here, however, is the consequence for the understanding of climate, climate change and its potential impact when considering the diversity of descriptions of the climate system. The climate regime which results from the observation of the climate can be understood as a structural coupling of different logics, that is to say, structural couplings of the social systems of science, politics, the economy and others. These systems advance in their own peculiar ways at the emergence of the climate regime.

In accordance with systemic and evolutionary principles the climate regime evolves likewise, exhibiting progress towards higher complexity in accordance with Casti's assertion (Dijkum 1997, 731) that the complexity of a system as seen by an observer is directly proportional to the number of such descriptions. The growth of complexity makes it less possible to predict how the climate regime is going to evolve, that is to say, how the meaning for society will change. Thus, deciding on climate change as a phenomenon which is characterised, for instance, as global warming or global cooling becomes a speculative endeavour.

Consequences of integration

Realising that from the perspective of governance mechanisms to combat climate change integration is never sufficient raises the question of the consequence of

further and increasing integration. The logical approach in science implies reliance on the concept of the complex system. From this perspective it is interesting to understand the consequences of the existing and increasing integration in society in terms of possible feedback affecting the afore-mentioned couplings of social and physical systems such as the climate regime.

Analysing the consequence of the increasing integration in society can be done by referring to the phenomenon of acceleration, which reflects the continuous progress in society during its further historical development (Walter 2010). Acceleration – achieving more in less time – has led to an increasing utilisation of energy. Political agencies are well aware of this, as the following quotation from the Commission of the European Communities shows:

> Global demand for energy is increasing. World energy demand – and 2 emissions – is expected to rise by some 60% by 2030. Global oil consumption has increased by 20% since 1994, and global oil demand is projected to grow by 1.6% per year. (Commission of the European Communities 2006, 3)

Not surprisingly, but in line with the rationale of governance for climate change, further enhancement of this situation is underway. Thus, accelerating measures are widely proposed. For example, the *Development of an Action Plan on Climate Change in the Barents Region*, which was published by the International Barents Secretariat, and which has been developed as a follow-up to the declaration of the 9th Meeting of the Ministers of Environment of the Barents Euro-Arctic Council in Tromsø, Norway, in 2010, suggests "expedient implementation of energy efficiency measures, incl. accelerated development of alternative sources of energy and cleaner production strategies" (Lindgren 2010, 10).

This is consistent with other policies for combating climate change, including the energy policy. Thus, the Commission of the European Communities is eager to propose to make "more from less: leading on energy efficiency". As a consequence, it is promised that "an effective energy efficiency policy does not mean sacrificing comfort or convenience. Nor does it mean reducing competitiveness. In fact an effective policy in this area means the opposite; making cost-effective investments in order to reduce the waste of energy, thereby increasing standards of living and saving money, and using price signals, that would lead to more responsible, economical and rational use of energy. Market-based instruments, including the Community energy tax framework, can be a very efficient tool in this respect"

(Commission of the European Communities 2006, 10). These policies imply that an acceleration of energy use can be mitigated by an increase in energy efficiency. Once more, it is a good example of why the discourse on climate change, its causes and impacts exhibits a high degree of complexity.

Furthermore, the explorations in the section on the climate regime suggest that the regime can be understood as a structural coupling of observer and observed or social and physical systems. Thus, the evolving regime is a model of social-physical change. This means that any consequence of climate change, its impact on a variety of physical systems, is a correspondent to social change. This must be perceived in the sense that global climate change, as well as local and regional impacts, are not independent of social change. In the following quotations, a number of examples from the Arctic indicate accelerating changes as corresponding events of accelerating measures in society:

> The loss of glacial mass through melting is very likely to *accelerate* throughout the Arctic, with the Greenland Ice Sheet also starting to melt. These changes will tend to increase the rate of sea-level rise. (Arctic Climate Impact Assessment 2005, 997; emphasis added here and in the following quotations)

> Ongoing or *accelerated* coastal-erosion trends are likely to lead to further relocations of coastal communities in the Arctic. (Arctic Climate Impact Assessment 2005, 999)

> Increased freshwater input into the coastal zone is likely to *accelerate* the degradation of coastal permafrost. (Arctic Climate Impact Assessment 2005, 1008)

Finally, the following quotations present some examples of 'feedback' effects on Northern cultural aspects:

> Hunter mobility and safety and the ability to move with changing distribution of resources, particularly on sea ice, are likely to decrease, leading to less hunting success. Similarly, access to caribou by hunters following changed snow and river-ice conditions is likely to become more difficult. Harvesting the threatened remaining populations of some marine

> mammals could *accelerate* their demise. (Arctic Climate Impact Assessment 2005, 1000)
>
> Changes in diet, nutritional health, and exposure to air-, water-, and food-borne contaminants are also likely. Adjustments in the balance between the 'two economies' of rural areas (traditional and wage) will be *accelerated* by climate change. This suite of changes will be complex and largely indirect because of the mediating influences of market trends, the regulatory environment, and the pace and direction of rural development. (Arctic Climate Impact Assessment 2005, 1011)

Thus, as a final point, it has become clear that governance efforts to combat climate change follow the rationale of all governance efforts and reflect the recurring process of responding to increasing complexity. This conforms to the ideas of Heylighen (1997), who confirms the accelerating effect of sustaining governance structures over time.

The consequences of this phenomenon for the North have additionally been illuminated by Walter (2010 and 2011), in which the impacts of acceleration are emphasised, including, for example, the need for shorter innovation cycles in the Nordic and Northwest Russian forestry industry and continuing efficient investments to create a structure for sustainable development.

Conclusion

Contemporary climate and energy policies, which are currently having a significant impact on socio-economic development in the North, exhibit a strong hierarchical set up in the sense that such policies are based on a monocontextural outlook. As such, these policies are founded on a reductionist viewpoint, which does not correspond to the real world.

The logical approach which has been presented in this paper, in turn, leads to the understanding that there are, in fact, a potentially large number of observers and systems involved, which makes the described climate regime a reality. Consequently, not just one viewpoint is true, but always the complementary picture as well, which incorporates all viewpoints on the subject matter. This conflicts with political wishes.

The outcome of this process is great complexity. Complexity in climate change means that we lack knowledge of the individual futures of each of the observers/systems involved in the regime. After all, people have personal preferences which change continuously. This is also reflected in the lack of predictability of the future of any social system. Thus, in terms of predicting and establishing goals, governance is largely a process of trial-and-error. However, changes leave room for surprise and interpretation, which is indispensable for the indeterminacy and contingency of the future.

The persistence of governance in pressing forcefully for an increase in energy efficiency and the introduction of new alternative energy technologies may lead to rather indeterminable effects. From the examples provided in the paper, it seems that governance efforts do not mitigate the acceleration of energy use in order to curb emissions that lead to climate change. Rather, the efforts may, in fact, only redistribute the burden and the risk of climate change impact in the North.

The structural coupling of social and physical systems leads to mutually dependent social and physical changes. This coupling connects efforts to combat climate change in the North, together with socio-economic development, to actual physical consequences. The coupling itself is evolving in a complex fashion and, therefore, is not predictable using a simple linear outlook. The coupling remains a subject that has not been studied sufficiently and is not well understood, especially from the rationale of climate politics.

References

ANISIMOV, O., VAUGHAN, D., CALLAGHAN, T., FURGAL, C., MARCHANT, H., PROWSE, T., VILHJÁLMSSON, H. & WALSH, J. (2007). Polar regions (Arctic and Antarctic). In M. Parry, O. Canziani, J. Palutikof, P. van der Linden & C. Hanson (Eds.), *Climate change 2007: Impacts, adaptation and vulnerability. Contribution of working group II to the Fourth assessment report of the Intergovernmental Panel on Climate Change*, pp. 653–685. Cambridge: Cambridge University Press.

ARCTIC CLIMATE IMPACT ASSESSMENT (2005). *Arctic climate impact assessment*. New York: Cambridge University Press.

BARENTS EURO-ARCTIC COUNCIL (2010). First meeting of the ministers for competitiveness - Declaration, Umeå 18-19 May 2010. Retrieved March 26, 2012, from http://www.barentsinfo.fi/beac/docs/Competitiveness_BEAC_ministerial_Umea_2010_Declaration.pdf.

BEYENS, L. & CHARDEZ, D. (1995). An annotated list of testate amoebae observed in the Arctic between the longitudes 27 deg. E and 168 deg. W. *Archiv für Protistenkunde* 146(2), 219—233.

BOLZ, N. (2004). *Blindflug mit Zuschauer.* München: Wilhelm Fink Verlag.

Brownstein, B. P. (1980). Pareto optimality, external benefits and public goods: A subjectivist approach. *The Journal of Libertarian Studies* IV (1), 93–106.

CLIMATE JUSTICE PROGRAMME (2011). *Climate justice: Enforcing climate change law.* Retrieved April 2, 2011, from http://www.climatelaw.org.

COMMISSION OF THE EUROPEAN COMMUNITIES (2006). *Green paper: A European strategy for sustainable, competitive and secure energy*. Number SEC(2006) 317. Brussels: Commission of the European Communities.

DIJKUM, C. (1997). From cybernetics to the science of complexity. *Kybernetes: The International Journal of Systems & Cybernetics* 26(6/7), 725–737.

GERLICH, G. (2007). Zur physik und mathematik globaler klimamodelle: Kritik der mathematischen und physikalischen grundlagen der treibhauseffekte und deren folgen. Retrieved April 4, 2011, from http://www.schmanck.de/gerlich/Muenster.pdf.

GOLDAMMER, E. & KAEHR, R. (1987). Transdisziplinarität in der technologieforschung und ausbildung. *Interdisziplinäre Technik IATM*, 93-102, Retrieved February 2, 2010, from http://www.vordenker.de/transd/transd.htm.

GOLDAMMER, E. & KAEHR, R. (1990). Problems of autonomy and discontextuality in the theory of living systems. In D. P. F. Moeller & O. Richter (Eds.), *Analyse dynamischer systeme in medizin, biologie und ökologie*, Number 275 in Informatik-Fachberichte der GI, pp. 3–12. Berlin: Springer Verlag.

GÜNTHER, G. (1959). *Idee und grundriß einer nicht-Aristotelischen logik*. Hamburg: Felix Meiner Verlag.

HEININEN, L. (Ed.) (2002). *Northern borders and security – Dimensions for regional cooperation and interdependence*. Turku School of Economics and Business Administration Series B5. Turku: Pan-European Institute.

HEYLIGHEN, F. (1992). Principles of systems and cybernetics: An evolutionary perspective. In R. Trappl (Ed.), *Cybernetics and systems '92*, pp. 3–10. Singapore: World Scientific Publishing.

HEYLIGHEN, F. (1997). The growth of structural and functional complexity during evolution. In F. Heylighen and D. Aerts (Eds.), *The evolution of complexity*. Dordrecht: Kluwer.

JUHLER-KRISTOFFERSEN, H. (Ed.) (2007). *Nordic position on climate change: Policies post 2012*. The Confederation of Danish Industries, The Confederation of Finnish Industries, The Confederation of Swedish Enterprise, The Confederation of Norwegian Enterprise, The Confederation of Icelandic Employers. Retrieved February 22, 2012, from http://www.nho.no/getfile.php/filer og vedlegg/Nordic Position on Climate change – policies post 2012.pdf.

KOIVUROVA, T. (2007). International legal avenues to address the plight of victims of climate change: Problems and prospects. *Journal of Environmental Law and Litigation* 22(2), 267–299.

LINDGREN, M. (Ed.) (2010). *Development of an action plan on climate change in the Barents Region*. Kirkenes: The International Barents Secretariat.

Luhmann, N. (1984). *Soziale systeme: Grundriß einer allgemeinen theorie*. Frankfurt am Main: Suhrkamp Verlag.

LUHMANN, N. (1986). *Ökologische kommunikation: Kann die moderne gesellschaft sich auf ökologische gefährdungen einstellen?* Opladen: Westdeutscher Verlag.

MACDONALD, R., HARNER, T. & FYFE, J. (2005). Recent climate change in the Arctic and its impact on contaminant pathways and interpretation of temporal trend data. *Science of the Total Environment* 342 (1–3), 5–86.

O'BRIEN, K. L. & LEICHENKO, R. M. (2000). Double exposure: Assessing the impacts of climate change within the context of economic globalization. *Global Environmental Change* 10(3), 221–232.

POORTINGA, W., SPENCE, A., WHITMARSH, L., CAPSTICK, S., & PIDGEON, N.F. (2011). Uncertain climate: An investigation into public scepticism about anthropogenic climate change. *Global Environmental Change* 21(3), 1015–1024.

RAHMSTORF, S. (2004). *The climate sceptics*. Retrieved February 22, 2012, from http://www.pik-potsdam.de/~stefan/Publications/Other/rahmstorf_climate_sceptics_2004.pdf.

RETTER, G.-B. (2009). Presentation by Gunn-Britt Retter. In *The Barents Euro-Arctic Council's Working Group on Environment Conference on Climate Change in the Barents Region, September 1-3, 2009, Vadsø, Norway*. Barents Euro-Arctic Council Working Group on the Environment. Retrieved March 13, 2012, from http:www.barentsinfo.fi.

ROTHBARD, M. N. (1995). *Making economic sense*. Auburn, AL: Mises Institute.

SMIT, B., PILIFOSOVA, O., BURTON, I., CHALLENGER, B., HUQ, S., KLEIN, R. & YOHE, G. (2001). Adaptation to climate change in the context of sustainable development and equity. In J. J. McCarthy, O. F. Canzi, N. A. Leary, D. J. Dokken & K. S. White (Eds.), *Climate change 2001: Impacts, adaptation, and vulnerability*, pp. 879–911. Cambridge: Cambridge University Press.

SOLOMON, S., QIN, D., MANNING, M., CHEN, Z., MARQUIS, M., AVERYT, K., TIGNOR, M. & MILLER, H. (Eds.) (2007). *Climate change 2007: The physical science basis. Contribution of working group I to the Fourth assessment report of the Intergovernmental Panel on Climate Change*. Cambridge/ New York: Cambridge University Press.

SOVACOOL, B. K. (2011). An international comparison of four polycentric approaches to climate and energy governance. *Energy Policy* 39(6), 3832—3844.

SREEJITH, S. G. (2009). Subjective environmentalism: The Barents Euro-Arctic Council and its climate change policy. In T. Koivurova, E. C. H. Keskitalo, & N. Bankes (Eds.), *Climate Governance in the Arctic*, pp. 383–402. Dordrecht: Springer.

VAN VUUREN, D.P., ISAAC, M., KUNDZEWICZ, Z.W., ARNELL, N., BARKER, T., CRIQUI, P., BERKHOUT, F., HILDERINK, H., HINKEL, J., HOF, A., KITOUS, A., KRAM, T., MECHLER, R. & SCRIECIU, S. (2011). The use of scenarios as the basis for combined assessment of climate change mitigation and adaptation. *Global Environmental Change* 21 (2), 575–591.

WALTER, S. (2010). *Structural conditions of natural resource management: Understanding complexity, control and evolution in society's resource use*. Acta Universitatis Lapponiensis 183. Rovaniemi: Lapland University Press.

WALTER, S. (2011). Resource management in the North. *Baltic Rim Economies* (4), 21.

WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT (1987). *Our common future (The Brundtland report)*. Oxford: Oxford University Press.

PART II

Governance in practice

CHAPTER 6

Vladimir Didyk

SUSTAINABLE DEVELOPMENT AND LOCAL SELF-GOVERNMENT IN THE RUSSIAN PART OF THE BARENTS REGION

Introduction

The Barents Euro-Arctic Region (BEAR) is a geopolitical area established by a Norwegian initiative in 1993 to promote international regional cooperation. It was necessitated mainly by changes in the international political and economic situation in Europe after the dissolution of the Soviet Union, accompanied by profound transformational processes and a crisis in the Russian Federation and other countries of the former USSR. The need for a new platform for international regional cooperation in Northern Europe to overcome the tension in relationships of the Cold War period, maintain political stability, and create preconditions for the sustainable development of the region had appeared. The Declaration on Cooperation in the BEAR (Kirkenes, January 11th, 1993), which was signed by the Ministers for Foreign Affairs of Norway, Finland, Russia and Sweden, as well as by representatives of Denmark, Iceland and the European Commission, was the official document calling for the establishment of the organization. In the Kirkenes Declaration (2003) the objective of Barents-Euro Arctic Cooperation (BEAC) work was formulated as follows:

> …to promote sustainable development in the Region, bearing in mind the principles and recommendations set out in the Rio Declaration and Agenda 21 of UNCED.

The same document also expressed "support for the ongoing process of reform in Russia which aims, *inter alia,* at strengthening democracy, market reforms, and local institutions, and which is therefore important for closer regional co-operation."

Thus, sustainable development issues, the successful implementation of reforms in Russia, and the strengthening of local institutions can be considered

among the priorities of Barents cooperation. In this connection, it is interesting to consider how, during the nineteen years since the foundation of the Barents Region, the process of reform in Russia has progressed in the direction of the formation of the institution of local self-government, which plays (or must play) a significant role in sustainable development. Such a role was underlined in Agenda 21 (1992). Namely, chapter 28 of the Agenda, in connection with the role of the local level and local authorities, notes:

> As the level of governance closest to the people, they [local authorities] play a vital role in educating, mobilizing and responding to the public to promote sustainable development.

In order to realize the principles of sustainable development it was recommended that all local authorities enter into a dialogue with citizens, local organizations and private enterprises in order to achieve consensus in the adoption of "a local Agenda 21", as a strategy of sustainable development in their settlements.

The observance of the principles of sustainable development in the Russian part of the BEAR is important because of its prevalence in both area and population in the Barents Region. Of the Region's total area of 1.7 million sq. km. and population of approximately 5.5 million people, two-thirds of both the area and the population are located within the Russian Federation (Soppela et al. 2010, 11). The Russian part of the BEAR includes such administrative territories (subjects or constituent entities of the Russian Federation) as Murmansk Oblast, Arkhangelsk Oblast, the Republic of Karelia, the Republic of Komi, and the Nenets Autonomous Okrug (AO). The latter is part of Arkhangelsk Oblast, but simultaneously it possesses the status of a subject of the Russian Federation.

Formation of the institution of local self-government in Russia

The institution of local self-government is one of the most significant foundations of any democratic regime. As a primary element of democracy, local self-government protects the citizens' interests, which are determined by their living jointly on a certain territory. The European Charter on Local Self-

Government, which was ratified by the Russian Federation in 1998, defines the concept of local self-government as follows:

> Local self-government denotes the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population. (European Charter 1985, Article 3)

The essence of local self-government determines such inalienable principles as local democracy and local autonomy. The observance of these principles creates favorable conditions for the formation of the local civil community, giving the inhabitants a sense of belonging to their place of residence, an awareness of their rights, and the ability to influence the course of life in the community and assume responsibility for it. Such conditions allow for a better use of untapped local resources and contribute to the achievement of sustainable development.

To what extent does the newly formed institution of local self-government fulfill the above-mentioned role in Russian regions as a whole and those that are part of the BEAR in particular? Historically, the institution of local self-government in Russia is a relatively new phenomenon with no long-standing traditions. The pre-revolutionary experience of local self-government, which began following the abolition of serfdom in 1861, was interrupted by the period of *soviet* power, when the local administrations, together with formally elected representative bodies – local *soviets* (councils) of people's deputies – were state authorities and there was a rigid subordination of local councils to higher state bodies. The stereotype formed during this period of state power as a "monocentric" system with hierarchical co-subordination of all levels, down to the local, has remained to the present day not only among some members of the population, but also among some heads of the local authorities (Report 2009).

The first attempts to legitimize local self-government as an independent institution of democracy were undertaken in the final years of the USSR. But only the Constitution of the Russian Federation, adopted in 1993, created guarantees and basic principles of local self-government. In chapter 1, article 12 of the Constitution ("Fundamentals of the Constitutional System"), the independence of local self-government within the limits of its authority is guaranteed. It is also stated that "the bodies of local self-government shall not be part of the system of bodies of state authority" (Constitution 1993). Along

with the basic provisions, there are some other legal foundations of local self-government in chapter 8 of the Constitution. In particular, article 130 states that "Local self-government in the Russian Federation shall ensure the independent solution by the population of the issues of local importance" (ibid).

The provisions of the Russian Constitution on local self-government incline to the ideology of the so-called "Anglo-Saxon" model, which is characterized by a maximum level of autonomy of the local self-government. This initial phase of transformation in the municipal sphere is often called "the municipal revolution". However, concrete legal forms of local self-government were not set forth in the Constitution; they were to be established later.

The launch of local self-government in Russia took place in the midst of the profound crisis associated with the transition to a market economy and socio-political transformations. The first law regulating the organization of local self-government - Federal Law No. 154-FZ "On general principles of organization of local self-government in the Russian Federation" (adopted in 1995) - provided broad powers to regions in choosing the forms of local self-government. It caused not only a great diversity of the institution in different regions but even an absence of local self-government in a large part of the country. Nevertheless, in those regions where bodies of local self-government were created, as a rule, the most democratic way of electing heads of local administration – direct universal suffrage – was used. This order, along with other requirements of the law on municipal autonomy, formed the conditions for the creation of independent structures of local authorities. However, this independence often generated confrontation with new regional elites, which sought power and property, including expansion to the municipal level. As a result, such factors as (1) the broad powers of regional authorities to regulate local issues, which were provided by Federal Law No. 154-FZ, and (2) the lack of federal protection of local self-government, allowed significant restrictions on – and even, in some cases, the elimination of – the municipal authorities by the end of the 1990s, replacing them by territorial structures of regional administrations (Gel'man et al. 2002; Puzanov and Ragozina 2007; Report 2009).

Taking into account the above-mentioned problems concerning the implementation of constitutional guarantees of local self-government, as well as the urgent necessity of legally establishing the new order of power distribution between federal, regional and municipal authorities, in 2003, after major work carried out by a specially established State commission and wide-

ranging discussions, a new Federal Law No. 131-FZ "On general principles of organization of local self-government in the Russian Federation" was adopted, marking the beginning of the current stage of municipal reform in Russia. The law foresaw a transitional period for its implementation up to the beginning of 2006; the transitional period was later prolonged to 2009.

The new law, in contrast to the previous one, established unified regulation of forms of local self-government, substantially limiting the rights of regional authorities. In particular, the following new important provisions were added:

- the introduction of three types of municipalities – the rural or urban commune (*poselenie*), the municipal district (*munitsipalnyi raion*), and the urban district (*gorodskoi okrug*) – and a clear distinction in powers between the three types of local authority. Municipal districts and communes are two-level municipalities, whereas the urban district is a one-level type;
- new territorial structures and clear requirements for setting the boundaries of municipalities: the entire territory of Russia must be divided into municipalities; settlements with a population of more than 1000 people should have the status of a municipality (rural commune, etc.);
- the determination of "issues of local significance", specified for each type of municipality[16], in which the principle of freedom from supervision is applied; these issues are distinct from delegated functions, which may be financed and supervised by the central bodies delegating them.

Among the above-mentioned types of municipalities, urban districts possess the broadest range of power and resources because they combine the functions and sources of revenue shared by municipal communes and districts. Data on the distribution of different types of municipalities in the regions of the Russian part of the BEAR, along with some other characteristics of the territories, are presented in Table 6.1.

16 "Issues of local significance" are issues that are connected with the everyday needs of the local population and financed, as a rule, from the local budget. The number of "issues of local significance" increased from about 20 for various types of municipalities according to the initial version of the law, which was adopted in 2003, to about 40 in the current version, following the introduction of a large number of amendments.

Regions	Population, thousands of people	Municipalities and their types					Level of urbanization, %
		Total	Urban district	Municipal district	Urban commune	Rural commune	
Arkhangelsk Oblast	1220	250	8	20	25	197	73,9
including Nenets AO	42	21	1	1	1	18	65,0
Republic of Komi	958,5	211	5	15	16	175	75,9
Murmansk Oblast	842,5	42	14	5	13	10	91,2
Republic of Karelia	687,5	127	2	16	22	87	76,4
Total	3708,5	651	30	57	77	487	78,8
For reference: total in the RF	141,904	24,161	1810	507	1745	19,863	73,1

Table 6.1 Populations and types of municipalities by region in the Russian part of the BEAR
Source: Rosstat (2010).

As can be seen from the data, the regions of the Russian part of the BEAR have a higher level of urbanization, especially Murmansk Oblast, than the average in Russia. Despite the fact that most of the population is concentrated in urban settlements, the dominant type of municipalities by number is the rural commune. In the regions of the Russian part of the BEAR, almost all rural communes were established following the adoption of Federal Law No. 131-FZ, and their bodies of local self-government were formed by early 2006. It is mainly due to the newly established rural communes that the total number of municipalities has increased since 2006 in Arkhangelsk Oblast by a factor of 9.3, 10.2 in the Komi Republic, 6.7 in the Republic of Karelia, and 3.5 in

Murmansk Oblast. However, the acquisition by rural settlements of the new status of municipalities and the formation of local self-government bodies has not improved their socio-economic situation. The majority of rural communes in the Russian part of the BEAR are in a difficult, often crisis, situation, far from conditions of sustainable development. Since the beginning of market reforms, due to the severe downturn in agricultural production as well as in the forestry and timber industries, which provided the economic basis of most villages' existence in the Russian part of the BEAR, their decline, which began in the Soviet period, has accelerated. For example, in the beginning of 2003 in Arkhangelsk Oblast, 576 rural settlements out of a total number of 3,957 did not have a permanent population. Since 1992 the number of villages which have lost their resident population has almost doubled. Approximately 60% of the total number of rural settlements in Arkhangelsk Oblast had a population of fewer than 50 people, and only in 51 villages did the population exceed 1000 people (Konstantinov 2003). Accordingly, the majority of the 197 rural municipalities that currently exist in the region are formed by the territorial principle (comprising a group of small villages) and do not have a proper economic base for self-governance.

The sharp rise in the number of municipalities through the formation of a large number of rural communes has led to contradictory results. On the one hand, the creation of the primary level of local self-governance and closer interaction of the government with the population can, in principle, be regarded as a positive result of the adoption of the new Federal Law No. 131-FZ. For the populations of rural settlements a new tool has been created which has the potential to express and protect their socio-economic interests. On the other hand, an acute shortage of resources (human, financial, material) to carry out their functions and powers, in fact, discredits the role of the majority of rural communes and their local authorities.

Similarly, there is a more general contradiction regarding the new stage of municipal reform associated with the introduction of Federal Law No. 131-FZ. It concerns the declared and actual implementation of the principles of local autonomy and local democracy. On the one hand, the concept of the law declares the autonomization of local governments from state authorities. On the other hand, the policy of centralization (recentralization) of state power, which has simultaneously been implemented in the country, includes, to a large extent, the local level as well. The latter circumstance has given grounds for

some experts to consider this stage of reform a "municipal counter-revolution" (see Kynev 2007; Puzanov and Ragozina 2007; Gel'man and Lankina 2008). The reason for centralization was explained as a desire to raise the efficiency of state governance. The principal means of achieving the goal was the construction of two hierarchies: (1) the administrative "power vertical", according to the logic of which direct elections of the governors of the regions were abolished in 2004, and (2) the party system, with the dominance of the "party of power", United Russia (Gel'man 2006). The policy of power centralization has also been apparent in attempts to embed local governments in the chain of command. For example, in April 2006 many branches of the United Russia party initiated a bill which would allow a unilateral transfer of certain local government powers to regional administrations, but the bill was postponed. In October 2006, following the defeat of a United Russia candidate in a mayoral election in a large Russian city (Samara, a regional capital), the party proposed a new bill that would lead to the abolition of local self-government as such in the regional capitals. It was suggested that the authorities of these cities could acquire the status of state bodies, whereas local self-governments could be formed at the intra-urban level, following the model of Moscow and St. Petersburg.

Although many of the most radical attempts to limit the power of local self-government have not been legalized, from the adoption of Law No. 131-FZ in 2003 to the end of 2010, more than 200 amendments to the law's original edition were introduced.[17] Such a large amount of amendments is a reflection of the enormous difficulties (institutional, legal, economic, personnel-related) hindering the implementation of the law. On the one hand, amendments to a law regulating such a complex area as the formation of local self-government in Russia were inevitable. On the other hand, the amendments introduced were often chaotic, intended largely to ensure control of regional and federal authorities over the municipalities, which were the weakest link in the hierarchy of the executive "power vertical" (Gel'man 2008, 18; Report 2009).

The greatest complaints from representatives of local self-government bodies and criticism from experts who have studied the problems of local self-government address the growing lack of financial resources necessary to carry out the legally determined functions and powers of local authorities. The tendency to expand the list of "issues of local significance", which led to the

17 These amendments were contained in 43 laws on amendments and changes to Federal Law No. 131-FZ.

growth of expenditure commitments by local governments, was not supported by sufficient sources of revenue for the local budgets. In fact, there has been an opposite process of concentrating financial flows in favor of the federal budget, accompanied by declining revenues for municipal budgets. Table 6.2 presents data on the distribution of primary revenues at different levels of the budget system of the Russian Federation (excluding transfers to other budgets), as well as the proportions of expenditure of the budgets, illustrating that it is local budgets that experienced the brunt of the increase in the negative imbalance during the 2000s.

Types (levels) of budgets		2000	2004	2006
Federal budget	Revenue	54.0	59.9	64.8
	Expense	47.1	43.9	43.4
	Difference (p. p.*.)	6.9	16.0	21.4
Regional budgets	Revenue	29.5	27.9	28.0
	Expense	28.5	30.7	34.3
	Difference (p. p.*.)	1.0	-2.8	-6.3
Local budgets	Revenue	16.5	12.2	7.2
	Expense	24.4	25.4	22.3
	Difference (p. p.*.)	-7.9	-13.2	-15.1

* percentage points

Table 6.2 Shares of revenues and expenses by different levels of budgets in the Russian budget system (before financial transfers to other budgets), %
Source: Valentey and Khabrieva 2008, 51.

A sharp drop in the share of revenues for local budgets in 2006 occurred after changes in tax and budget legislation. The number of local taxes was reduced from five to two.[18] Several statutory transfers and fees paid to local budgets from federal and regional taxes were abolished or reduced. For example, fees for local budget revenues from taxes on corporate profits (a federal tax) and from property tax (a regional tax) were abolished, and statutory transfers from

18 Tax on land and tax on personal property were defined as local taxes.

personal income tax were reduced from 50% to 30%. As a result, the need for financial aid to local budgets has increased. This means that the ability of municipalities to fulfill their functions depends mainly on financial transfers from the regional budgets, rather than the efforts of local authorities to expand the economic potential of the territory, which determines the tax base. Thus, the share of local taxes in local budget revenues, which performs not only a fiscal but also a regulatory function, was reduced to the insignificant level of 3.5% (Valentey and Khabrieva 2008, 51–52).

A high degree of dependence on external financial assistance is typical of rural communes. In 2006 the share of budgetary transfers in the structure of their budget revenues varied from 50% to almost 100% in 56% of the rural communes in the country. Urban districts are relatively better provided with their own sources of funding. However, in most of the urban districts the share of financial assistance from the regional budget is comparable to or greater than the share of tax and non-tax revenues of local budgets.

A similar or even worse situation of local budgets being dependent on financial aid from regional governments exists in the regions of the Russian part of the BEAR. For example, in Murmansk Oblast in 2008 the share of intergovernmental transfers in the revenue structure of the budget of all fourteen urban districts exceeded 50%, and in seven of them the share was more than 70%.[19] It should be noted that, in accordance with the amendments to the Budget Code of the Russian Federation adopted in 2007, the conditions for granting financial assistance to local budgets were tightened. Certain restrictions on the use of funds were set for municipalities in which the share of transfers in the revenues structure ranged from 10 to 30%, and in cases where the share exceeded 70% a maximum list of restrictions and control measures was imposed by the regional financial bodies.

It is obvious that with local authorities highly dependent on financial assistance, as one of the consequences of the reduction of local autonomy, it is impossible to stimulate initiatives of local communities that would form and implement their own socio-economic policies. Given the above-mentioned problems and other difficulties faced by local self-government in Russia, the priorities of the majority of municipalities, especially small peripheral ones, are mainly related to solving urgent problems concerning the current livelihood and

19 Data from the Ministry of Finance of the Murmansk region: http://budget.gov-murman.ru/2010/mbud.shtml .

even survival of their settlements. Accordingly, special strategies for sustainable development based on the principles of Local Agenda 21 are very rare in Russian municipalities, including those of the BEAR. One reason for this is that, as the analysis by Riabova (2010) shows, the policy of the government of the Russian Federation was not designed to work out and promote special strategies for sustainable development. The only direct response of Russia to the appeal of the Rio Conference and «Agenda 21» for governments to develop national strategies for sustainable development was the adoption of the "Concept of Transition of the Russian Federation to sustainable development", approved by presidential decree in April 1996. A subsequently developed draft containing a national strategy for sustainable development was not, in fact, adopted. This situation did not favor the dissemination and implementation of the ideas of sustainable development in the country, including appropriate strategic plans at the regional and municipal levels. Rare examples of the working out and adoption of such documents in Russia are related to the implementation of development projects supported by international organizations and foundations.[20]

Some indicators of sustainable development in the Russian part of the BEAR

Despite the lack of special strategies for sustainable development, at present virtually all subjects of the Russian Federation have long-term strategies for socio-economic development, which, to varying degrees, implement the principles and objectives of sustainable development. Regional strategies provide a basis for strategic and/or medium-term development plans and programs of municipalities that most urban districts and municipal districts currently have and are realizing.

A general understanding of the intermediate results of the implementation of strategies and plans by joint efforts of regional and municipal bodies in the Russian part of the BEAR can be obtained by considering the dynamics Table of some indicators of socio-economic development which are often used as

20 For example, projects under the UN Development Programme "Foundation for Sustainable Development ", implemented in 2006-2009, to promote the development of municipalities in the territory of the Russian Federation with financial support from the U.S. Agency for International Development and others.

Regions	HDI		Place in the national rankings on the HDI		Life expectancy (in years)	
	2003	2008	2003	2008	2003	2008
Republic of Komi	0.765	0.816	18	12	61.5	66.2
Arkhangelsk Oblast	0.752	0.808	34	21	61.9	66.94
Murmask Oblast	0.745	0.797	42	35	63	66.7
Republic of Karelia	0.736	0.784	52	51	60.6	65.48
For reference: the average for the RF	0.773	0.825	-	-	64.9	67.88

Table 6.3 Indicators of human development in the regions of the Russian part of the BEAR
Source: NHDR (2005); NHDR (2010).

indicators of sustainable development. Table 6.3 presents data on the Human Development Index (HDI). Such data are published in the National Human Development Reports for the Russian Federation, which are regularly produced by an independent team of experts sponsored by the United Nations Population Fund. In the 2010 NHDR was devoted to the theme "Millennium Development Goals in Russia: Looking into the Future" (NHDR 2010), and HDI values were calculated taking into account the available statistical information for 2008.

The UN methodology of calculating the HDI consists of the following components:

- income, measured by gross domestic product (GDP) or gross regional product (GRP) per capita;
- an education index, measured by special methods;
- life expectancy, measured at birth.

In Table 6.3 along with indicators of the HDI, the data on life expectancy in the regions of the Russian part of the BEAR are given. The latter figures,

although taken into account in the HDI, have great independent significance as an indicator of the quality of life and sustainable development.

The data in the table show that all regions of the Russian part of the BEAR improved their HDI during the period from 2003 to 2008 both by absolute value and by position in the national rankings among the 80 regions of Russia that were included in the study. However, the index values are below the Russian average, and in two regions the values are below the level which is considered the lower level for developed countries (0.8). In none of the regions did life expectancy reach the "threshold" (critical) level used as a criterion for estimations of sustainability.[21] Moreover, none of the BEAR regions reached the national average level of life expectancy.

One of the general indicators of economic development which indirectly determines the level of income and is taken into account in the HDI is the gross regional product (GRP) per capita. A comparison of this indicator value by regions (Table 6.4) gives some idea of the differences in the regions' ability to realize their economic potential.

As could be seen from the data of Table 6.4 the Republic of Komi has the highest value of per capita GRP. Obviously this explains the leadership of the Republic among the examined regions by HDI level (see Table 6.3).

Regions	Value in thousands of RUR
Republic of Komi	306.9
Arkhangelsk Oblast	235.3
Murmask Oblast	255.0
Republic of Karelia	170.1

Table 6.4 Gross regional product per capita of the regions of the Russian part of the BEAR in 2008
Source: Rosstat (2010)

Despite the substantial differences between the GRPs of the regions, it should be noted that the ability of local governments to influence this indicator and its dynamics are probably minimal. This is due to the limited powers of local governments in the economic sphere in general and their low capacity due to the above-mentioned problems in functioning at the present stage of reform in Russia. An additional factor reducing the role of local governments in the economic performance of the regions in the Russian part of the

21 For such criteria, the values of the indicators reached in developed countries are used. For life expectancy, it is more than 75 years.

BEAR is the fact that the economic results here are determined primarily by large corporations of a national or transnational nature. The ability of local authorities to influence them is very small. A separate problem is the fact that the economic benefits from the activities of these large corporations are not always used in the interests of the local population.

An important indicator of the conditions of life of a population is the poverty level. To evaluate this level the share of the population with incomes below the subsistence minimum is used in Russian statistics. The subsistence minimum is regulated by law and is determined in each region on a quarterly basis for the main socio-demographic groups.[22] The subsistence minimum is regarded as the poverty line, and the percentage of the population living below the line is considered one of the indicators of sustainable development. The specialists consider 10% to be the threshold (maximum critical) value for this indicator; beyond this level there is the threat of devastating trends that are not compatible with sustainable development. (see Riabova et al. 2009, 37–39). Table 6.5 (see next page) shows the dynamics of the values for this indicator in the regions of the Russian part of the BEAR in recent years.

As can be seen from the data presented above, only in the Nenets AO did the value of this indicator not exceed the "threshold" level when estimated in terms of the criteria for sustainable development. In the other regions, as well as in Russia on average, the poverty rate is substantially higher than the acceptable values, and the positive trend of improvement observed prior to 2008 was interrupted in most regions due to the negative impact of the global financial crisis.

One of the important indicators of the standard of life that reveals population income inequality is the "decile ratio": the ratio of the income share of the top 10% of the population to that of the bottom 10%. The threshold value for this indicator in terms of the criteria for sustainable development is considered to be ten: i.e., an income gap between the afore-mentioned population groups

22 In accordance with Federal Law 134-FZ of 24.10.1997 "On Subsistence Minimum in the Russian Federation" (in ed. Federal Laws No. 75-FZ of 27.05.2000 and No. 122-FZ of 22.08.2004), the cost of living is an evaluation of the consumer basket, which includes the minimum food products, consumer goods and services necessary for ensuring human health and livelihood, as well as mandatory fees and charges. The consumer basket in the Russian Federation was established by the legislative (representative) bodies of the constituent entities of the Russian Federation.

Regions	2003	2006	2007	2008	2009
Arkhangelsk Oblast	23.5	17.4	16.9	14.6	14.0
Nenets AO	8.3	8.0	5.7	5.6	7.3
Murmask Oblast	21.2	18.3	15.6	14.7	14.7
Republic of Komi	18.5	15.2	14.7	15.9	16.6
Republic of Karelia	19.0	15.4	17.1	16.7	17.1
For reference: the average for the RF	20.3	15.3	13.4	18.9	18.5

Table 6.5 Level of poverty: share of population with incomes below the subsistence minimum, % *Source: Rosstat (2010).*

that is more than tenfold is a sign of a dangerous degree of income inequality. In all of the regions of the Russian part of the BEAR, this threshold is exceeded to varying degrees (see Table 6.6).

Regions	2003	2006	2007	2008	2009
Arkhangelsk Oblast	10.4	11.4	11.8	12.5	12.8
Nenets AO	14.0	20.8	23.6	23.8	19.8
Murmask Oblast	11.8	12.3	13.3	13.6	13.6
Republic of Komi	17.4	17.5	18.1	17.5	17.2
Republic of Karelia	9.5	10.7	10.4	10.5	10.4
For reference: the average for the RF	14.5	16.0	16.8	16.8	16.7

Table 6.6 Population income inequality: ratio of income share of the top 10% to that of the bottom 10%, times *Source: Rosstat (2010).*

The situation is the worst in the Nenets AO and the Republic of Komi, where the degree of differentiation in income is above the average level for the country. This is due to the influence of industries with high wage rates (oil and gas industries in the Nenets AO and coal industries in the Republic of Komi) and simultaneously the presence of a low-income population.

The role of local authorities in reducing the degree of income differentiation consists mainly of providing wage growth for employees in the public sector funded from local budgets: the organizations of education, health, culture and others in which wages are traditionally lower than the average for the region. At the same time, this aim is generally difficult to achieve because of the aforementioned problems involving the sources of local budgets revenues.

Demographic indicators can also be regarded from the perspective of sustainable development. In particular, indicators of population migration are evidence of how people assess the living conditions in a settlement. In the regions of the Russian part of the BEAR the situation is relatively better in the Republic of Karelia and the Nenets AO, and worst in the Republic of Komi and Murmansk Oblast (see Table 6.7).

Regions	2003	2004	2005	2006	2007	2008	2009
Republic of Karelia	4.7	2.2	2.0	5.85	17.21	4.34	-8.35
Republic of Komi	-59.2	-55.4	-73.8	-79.25	-58.39	-94.14	-74.1
Arkhangelsk Oblast	-39.5	-36.2	-38.9	-38.26	-36.38	-51.45	-39.89
Nenets AO	13.9	11	-14.1	-18.11	-15.72	-35.7	16.6
Murmask Oblast	-70.2	-50.5	-57.8	-59.6	-56.79	-87.6	-57.22
For reference: the average for the RF	6.1	9.3	8.9	13.85	17.97	20.59	20.61

Table 6.7 Net migration increase (or decrease "-") per 10,000 population
Source: Rosstat (2010).

It should be noted that Table 6.7 shows only data on interregional migration. Municipalities are also greatly influenced by intraregional migration. The

prevailing trend is the movement of the population to cities, mainly to regional capitals, although due to natural decrease and decrease due to migration the population of most northern cities is also dwindling.

The analysis of vital statistics indicators – in particular, comparison of the level of fertility and mortality in the regions – reveals the following trends. Only in the Nenets AO in the last decade has stable natural population growth been achieved. In all other regions of the Russian part of the BEAR the average death rate exceeds the birth rate, leading to the natural population decline (depopulation) that has been observed. However, the speed of this decrease has declined. For example, the indicator of natural population decline per mille (per 1000 people of the population) in Karelia, where the values were the highest, fell from 9.7 in 2003 to 4.0 in 2009. In Komi, where the lowest rate of depopulation in the period was recorded, it has decreased from 4.3 to 0.4. It should be noted that in all regions except Murmansk Oblast, the level of depopulation in rural areas, though it decreased, was significantly higher than in urban areas, reflecting the depressed state of most rural settlements.

Within the constraints of this article it is not possible to cite a wide range of indicators to measure sustainable development in regions and municipalities. But by considering the given general indicators, it is in general clear that, although some positive trends can be seen, the situation in the Russian parts of the BEAR does not meet the criteria for sustainable development. Moreover, it is well known that in many municipalities, especially in rural areas, the situation can be characterized as a crisis, given the high rate of unemployment, low access to social services, poor housing conditions and other problems. The municipalities' inability to solve such problems causes the population to be dissatisfied with local authorities, undermining the credibility of the institution of local self-government at the very beginning of its formation. This is confirmed by sociological surveys of public opinion. Some polls have revealed that, with respect to the attitude towards existing institutions of authority at different levels, for instance, respondents in Murmansk Oblast gave the worst evaluation to the bodies of local self-government.[23] It might seem paradoxical

23 The results are according to data in an unpublished survey by sociologists of the Institute for Economic Studies of the Kola Science Centre. The following options were provided for respondents to express their attitude towards authorities at different levels, including bodies of local-self government: "trust completely", "trust basically", "basically do not trust", "do not trust at all", and "difficult to answer".

that people have less confidence in bodies of local self-government, which should be under their control, than in regional and federal authorities, but the share of respondents who did not trust the bodies of local self-government ("at all" or "basically") consistently outnumbered those who did trust them: in 2008 by 14.5 percentage points (p.p.) (46.9 - 32.4), in 2009 by 3 p.p. (27.8 – 24.8), and in 2010 by 10.4 p.p. (34.6-23.7). As a rule, the share of respondents who trust federal and regional authorities is higher.

Examples of positive practices

Despite all the difficulties in forming local self-governments in Russia as a whole and in the Russian part of the BEAR in particular, there are examples of positive developments and good practices of individual municipalities. A positive process contributing to the strengthening of local self-government in the Russian regions of the BEAR is the establishment and development of cooperation with neighboring municipalities in Finland and Norway.

A good example is the activity of the Local Federation of East Lapland[24], which actively collaborates with the neighboring municipalities of Murmansk Oblast. Networking started with the project "Barents Learning" (1997-1998), which was supported by the Finnish Ministry of Foreign Affairs and which was introductory in nature. These initial contacts showed the urgent need for the establishment of a new border crossing station to improve accessibility in order to develop closer ties. Thanks to the efforts of the Local Federation of East Lapland, funding from a program of the European Union (EU) was received for the construction of a border-crossing station in Salla (1998-2000), which opened in 2002, creating favorable conditions for cross-border cooperation.

Since 2004, again on the initiative of the Local Federation of East Lapland, the project "Development of local self-government in the South of the Kola Peninsula" has started with the sponsorship of the Finnish Ministry of Foreign Affairs. The aim of the project is to facilitate the implementation of new forms of work for local self-government in the cities of the southern Kola Peninsula, drawing on the experience and competence of Finnish municipalities. One of

24 The Local Federation is an intermunicipal, cooperative organization which unites four municipalities in Eastern Lapland and deals with the interaction of these municipalities, represents their interests, and contributes to the development of cross-border cooperation.

the first useful results of the project was the creation in 2005 of a non-profit partnership "Union of Cities of the Southern Kola Peninsula", an organization of inter-municipal cooperation based on the Finnish model. During the implementation of the project, which is ongoing, its scope and objectives have expanded. In order to continue the project, funds from a EU program to promote cross-border cooperation were raised. The new objectives of the project include the economic development of the municipalities, investment policy, the creation of a favorable climate for entrepreneurship, the development of tourism infrastructure, raising the competence of local government, strategic planning, environmental protection, and waste disposal. Evaluating the results of one stage of the project, the Chairman of the Union of Cities of the Southern Kola Peninsula, the head of the municipality of Polar Zory, drew the following conclusions: "1) the project provides real support to the municipalities of the southern Kola Peninsula in the organization of local self-government of the European type. 2) While implementing the project, cross-border contacts and international cooperation between municipalities, as well as contacts of citizens, have been enhanced" (Goldobin 2009).

Municipalities in the northern part of Murmansk Oblast are developing cooperation with neighboring municipalities in Norway. Here in 1999, a network of bilateral cooperation of municipalities was created. The Norwegian Barents Secretariat supports individual projects, for instance, a project for the environmentally safe disposal of household wastes in the Pechenga district and the commune of Sor-Varanger. With the participation of the Norwegian communes of Batsfjord, Sor-Varanger and Hammerfest a program of development in the rural commune of Teriberka in Murmansk Oblast is being conducted.

In general, all projects of cross-border cooperation in the Barents Region have a positive, indirect effect on the strengthening of local self-government in Russian municipalities. The number of projects is quite large. The Norwegian Barents Secretariat alone, since 1993, when it became active, has invested nearly 350 million NOK through more than 3,000 grants and cooperative programs in the Norwegian and Russian parts of the Barents Region.[25] There are other possibilities for financial support for cooperation projects. During the period 2007-2013 a EU program of cross-border cooperation, the "European Neighborhood and Partnership Instrument for Cross Border Cooperation (ENPI CPC) - Kolarctic", has been operating. Co-financing for this program is

25 For more information see http://www.barents.no/granted-by-us.292852.html .

also supplied by the Russian Federation. However, despite the benefits of such programs and projects, the scale of their influence is limited, and the situation in the region and even in individual municipalities could hardly be said to have changed significantly. Nevertheless, it seems possible that the joint and coordinated efforts of all interacting parties – government, businesses, NGOs, international organizations and various community groups – can create a synergistic effect that significantly changes the situation and finally ensures the transition to sustainable development.

The city of Kostomuksha (Republic of Karelia) can be considered as an example of local authorities successfully organizing a constructive engagement of major groups of interests and opportunities for international cooperation in order to stimulate local development. The city grew with the construction in the late 1970s - early 1980s of a large iron ore and processing enterprise (now JSC "Karelski okatysh"). The construction of the enterprise and the city was based on an intergovernmental Soviet-Finnish treaty and involved Finnish contractors of the construction consortium Finn-Stroi (Tykkylainen 2008, 180). The cooperation led to the use of Finnish technologies and urban planning, which were a favorable factor for the development of the city. Despite this, the effects of the crisis of the 1990s were as severe for the city as for other Russian territories. Moreover, the situation was exacerbated by the city's mono-industrial economic specialization (ferrous metallurgy), which made problems of unemployment and falling standards of living more pressing. In the early 2000s the new city administration initiated the development of the Strategic Plan of the city's socio-economic development[26], which was adopted and launched in 2004. In 2008, the first phase of this strategic plan was summed up and adjustments for its subsequent implementation were made. The revised version emphasized that the first phase of the strategy had been completed successfully. Significant progress was made in achieving one of the main strategic goals: to diversify the economy, reorienting its single-industry specialization to the development of other promising industries, transport, trade and services. A policy of attracting investments also brought good results. During the period 2002 – 2007, the annual investment in the city's economy grew by almost six times. Due to the attraction of domestic and foreign investment, a number of competitive new enterprises in the global market have been created. Among

26 Available at: http://www.kostomuksha-city.ru/main.phtml?m=38&lang=ru&path_link=plan_town.phtml .

them are plants of the international company PCS Group for the production of components for the automobile industry, a furniture factory of the Swedish company IKEA, and others. As a result the city's economic dependence on the mining and metallurgical enterprise has decreased significantly: the share of its employees in the city fell from 43% in 2002 to 28% in 2007, which greatly reduced the risk of a rise in unemployment during the recession of metallurgical production in 2008–2009 influenced by the global financial crisis.

Intensive international relations, including Barents cooperation, of local organizations have also contributed to the improvement of the socio-economic situation of the city. For instance, in 2009 a modern office building for the international EU-funded[27] project "Barents Link Forum", was built; the building also serves as the city's business centre. An agreement on cooperation between three twinning cities – Kostomuksha, Kuhmo (Finland) and Robertforse (Sweden) – for the years 2009–2015 is currently operating.

One sign of increasing social sustainability in the city is the improvement of indicators of vital statistics. Kostomuksha is the only town in Karelia where birth rates exceed death rates (Shapovalov 2010). For its success, the city was awarded the Diploma of the Congress of Municipalities of the Russian Federation "for the complex and dynamic development of the municipality using benefits of cross-border cooperation".

Conclusion

Today, nearly two decades since the formation of the BEAR, such principal aims as the promotion of sustainable development and support for reforms and local institutions in Russia continue to be important for the Russian participants in the Barents cooperation. Despite the fact that the principal difficulties associated with the market transformations of the period of price liberalization, privatization, declining productivity and living standards have been overcome, the troublesome process of forming and simultaneously reforming such an important institution as local self-government continues. The key role of local institutions in promoting sustainable development was highlighted at the historic UN Conference in Rio de Janeiro (1992), where the adoption of «Local Agenda 21" in local communities was recommended.

27 For more information, see http://www.barentslink.com/eng/gallery01.php .

Analysis of the situation, taking into account the above-mentioned role of local governments in Russia, shows that in most cases the achievements have been rather limited. In other words, though the role of local government in achieving sustainable development at the local level is potentially high, its actual implementation in the Russian regions in general, including the regions of the BEAR, is weak. The main factors contributing to this situation are the following. First, there is the weakness of the institution of local self-government because of various difficulties (legal, institutional, economic and human) during the initial period of its development. A second factor it is the absence of a national strategy for sustainable development and policies to stimulate the development and implementation of appropriate strategies at the local level. A third factor is the weakness of civil society: the lack of a tradition of public participation in projects and programs of community development.

The implementation of certain programs and projects of the Barents cooperation has had a positive impact on strengthening local self-government, enhancing its role as a resource in achieving the sustainable development of local communities. However, the scale of this effect is rather limited even in border regions (Murmansk and Karelia), which have more favorable conditions for such cooperation. A radical change in the situation is only possible through joint and coordinated actions of the Russian federal, regional and local authorities aimed at strengthening the institution of local self-government, as well as through the development of constructive cooperation between all the interest groups – government bodies, local communities, businesses, political parties, NGOs and international organizations – to achieve the goal of sustainable development.

References

AGENDA 21 (1992). Agenda 21. *The United Nations program of actions from Rio.* Retrieved March 2, 2011, from: http://www.un.org/esa/dsd/agenda21/res_agenda21_00.shtml .

CONSTITUTION (1993). *The constitution of the Russian Federation.* Retrieved March 5, 2011, from http://www.constitution.ru/en/10003000-09.htm .

DECLARATION (1993). *Declaration on cooperation in the Barents-Euro-Arctic Region conference of foreign ministers in Kirkenes, 11.1.1993.* Retrieved March 10, 2011, from http://www.barentsinfo.fi/beac/docs/459_doc_KirkenesDeclaration.pdf .

EUROPEAN CHARTER (1985). *European charter of local self-government*. Strasbourg, 15.X.1985. Retrieved March 20, 2011, from http://conventions.coe.int/Treaty/EN/Treaties/Html/122.htm.

GEL'MAN, V., RYZHENKOV, S., BELOKUROVA, E. & BORISOVA, N. (2002). *Avtonomiya ili kontrol'? Reforma mestnoi vlasti v gorodakh Rossii, 1991-2001*. St. Petersburg and Moscow: Letnii Sad.

GEL'MAN, V. (2006). From "feckless pluralism" to "dominant power politics": The transformation of Russia's party system. *Democratization* 13(4), 54-61.

GEL'MAN, V. & LANKINA, T. (2008). Authoritarian versus democratic diffusions: Explaining institutional choices in Russia's local government. *Post Soviet Affairs* 24(1), 38-49.

GEL'MAN, V. (2008). From local autonomy to power vertical in Russia. In N. Aarsaether, A. Roiseland & S. Jenssen (Eds.), *Practicing local governance: Northern perspectives,* pp. 13-26. New York: Nova Science Publishers, Inc.

GOLDOBIN, N.N. (2009). Resultaty proekta po razvitiyu mestnogo samoupravleniya na Yuge Kol'skogo poluostrova. Retrieved March 25, 2011, from www.msu-press.ru/0807.files/doc/2.doc.

KONSTANTINOV, A.S. (2003). Territorial'naya organizatsiya mestnogo samoupravleniya v Apkhangelskoi oblasti. Retrieved March 13, 2011, from http://www.archcity.ru/?page=199/10.

KYNEV, A. (2007). Municipal'nye vybory po novym pravilam. *Pro et Contra* 11(1), 30-42.

NHDR (2010). *National human development reports for the Russian Federation 2010*. "Millennium development goals in Russia: Looking into the future" (2010). Retrieved March 20, 2011, from http://www.undp.ru/nhdr2010/National_Human_Development_Report_in_the_RF_2010_ENG.pdf.

PUZANOV, A. & RAGOZINA, L. (2007). Otchuzhdenie mestnoi vlasti. *Pro et Contra* 11(1), 72-84.

REPORT. (2009). *Rossiyskoe mestnoe camoupravlenie: itogi munitsipal'noi reformy 2003-2008*. Analiticheskiy doclad Instituta sovremennogo razvitiya. Retrieved March 10, 2011, from http://www.riocenter.ru/ru/programs/doc/3928.

RIABOVA, L.A. (2010). Problemy primeneniya koncepcii ustoichivogo razvitia v RF: ot nacional'nogo urovnya k severnomu aspektu. *Sever i rynok* 1(25), 44-49.

RIABOVA, L.A., KORCHAK, E. A., DIDYK, V.V. et al. (2009). Chelovecheskiy potencial regiona, dinamika urovnya i kachestva zhizni naseleniya (Chapter 2). In V.T. Kalinnikov, F.D. Larichkin & V.S. Selin (Eds.), *Strategicheskie perspektivy social'no-ekonomicheskogo razvitiya Murmanskoi oblasti,* pp. 35–73. Moscow: Economica.

ROSSTAT (2010). *Central base of statistical information of the Federal State Statistics Service* (Rosstat). Retrieved March 10–30, 2011, from http://www.gks.ru/dbscripts/Cbsd/DBInet.cgi .

SOPPELA, P., BROWN-LEONARDI, C., FRYER, P. & KANKAANPAA, P. (2010). The changing Barents Region: Challenges and opportunities for researchers. In P. Fryer, C. Brown-Leonardi, & P. Soppela (Eds.), *Encountering the changing Barents – research challenges and opportunities*, pp.11–23. University of Lapland, Arctic Centre.

SHAPOVALOV, V. (2010). Kostomuksha –dostizhenija i plany. *Delovaja Rossija* February–March, 84–85.

TYKKYLAINEN, M. (2008). Local development policy in flux in the Russian North. In N. Aarsaether, A. Roiseland & S. Jenssen (Eds.), *Practicing local governance: Northern perspectives*, pp. 177–189. New York: Nova Science Publishers.

CHAPTER 7

Eini Laaksonen

HOW TO SUCCEED IN INTERNATIONAL PROJECT MARKETING: IDENTIFYING THE CHALLENGES FOR FINNISH PROJECTS IN THE MURMANSK REGION

Introduction

The purpose of this chapter is to identify the key challenges for Finnish project exports in the Murmansk region. The chapter is mainly a literature review. After first discussing the economic development of the Murmansk region, it investigates the theoretical literature on international project marketing and analyses earlier studies on business experiences in Russia, and Murmansk in particular. The conclusions of the review create a basis for deeper empirical studies on the prospects of Finnish companies where the Murmansk region is concerned.

Business opportunities and Finnish operations in the Murmansk region

Largely due to climate change and the melting of Arctic permafrost, the natural resources and sea routes in the High North are becoming increasingly accessible. As a result, economic activity geared to exploiting these resources is increasing: for instance, the short-term investment plans for the Barents Sea region now exceed EUR 100 billion. In addition to Russia, Norway, Sweden and Finland, countries such as the USA, Canada and China have expressed interest in the area (Siuruainen 2010, 9). In the Russian North this development creates opportunities for not only Russian but also foreign businesses. For instance, the development of hydrocarbon resources, marine industries and the accompanying general infrastructure will attract and require foreign investments in the Murmansk region.

As can be seen in Fig. 7.1, following the crisis of 2008, the inflow of foreign direct investments (FDI) to the Murmansk region is again reaching a billion USD

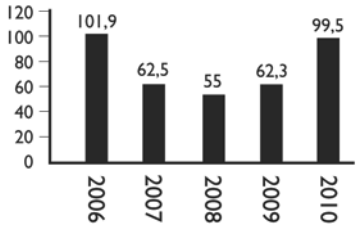


Fig. 7.1 FDI inflow to the Murmansk region (million USD) *Source: MurmanskStat 2011*

per year (MurmanskStat 2011). Of the industries most attractive for foreign investors, mining received one-third of the total foreign investments in the period 2006–2010. Retail trade and repair services received the second largest share, 24%. The following sectors in this regard are fishing (21%), operations involving real estate and renting (11 %), manufacturing (8%), and transport and communications (3%). (MurmanskStat2011) Clearly, natural resources play a significant role in the region's economy, but several supporting industries and service sectors are growing apace, creating a range of business opportunities in the region by improving general economic development.

As regards the division of FDI to the Murmansk region by the country of origin, Fig. 7.2 (see next page) shows that one quarter of the total accumulated FDI in the period 2006–2010 came from Cyprus and the second largest share, 20%, from Germany. Those countries are followed by Norway (9%), Belgium (9%), Sweden (8%), and the Virgin Islands (4%). (Murmansk Stat 2011, author's calculations). Norway, Belgium and Sweden are thus actively participating in the region's development, whereas the investments from neighbouring Finland have been rather modest. In 2004, the share of Finnish investments reached approximately 10 % of total foreign investment, but since then the country's share has not exceeded 1 % (Didyk et al. 2009, MurmanskStat 2011).

Yet, Finland has a noticeable position in the Murmansk regional market in terms of international trade. Figures 7.3 and 7.4 show the development of the share of imports from Finland: in 2006, Finland was the second largest source of imported goods to the Murmansk region, with a share of 13%, but in 2010 it had fallen to fifth place, with a share half that recorded for 2006.

At the same time, however, the absolute value of total imports to Murmansk has grown from USD 166 million in 2006 to USD 239 million in 2010. Thus Finnish imports to the Murmansk region have not necessarily decreased, but rather other countries, such as Norway, Ireland, Belarus and Germany, have increased their trade with Murmansk in comparison to Finland.

It has been widely recognised (e.g. Didyk et al. 2009; BSFE 2009; Siuruainen 2010) that Finnish companies have participated rather modestly in the current

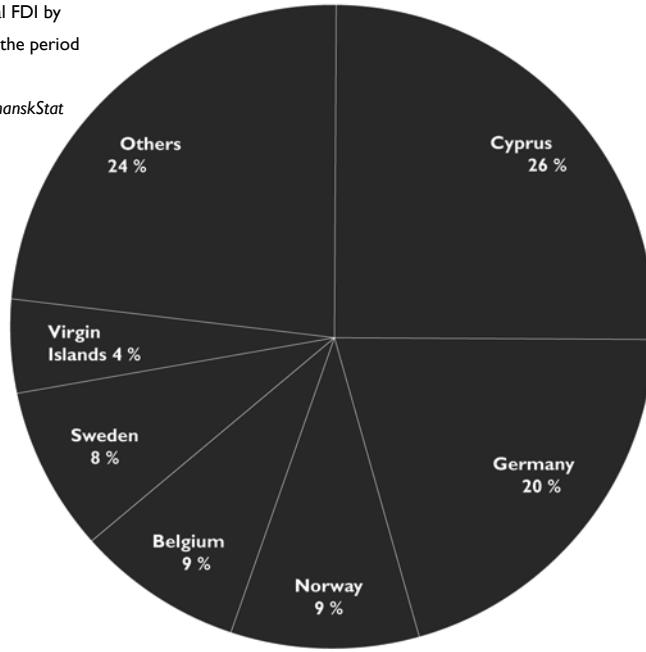


Fig. 7.2 Total FDI by countries in the period 2006–2010
Source: MurmanskStat 2011

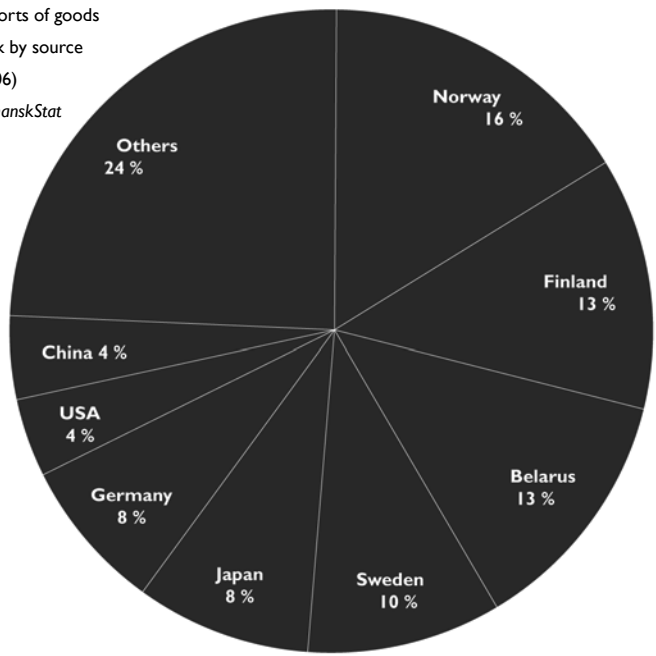


Fig. 7.3 Imports of goods to Murmansk by source country (2006)
Source: MurmanskStat 2011

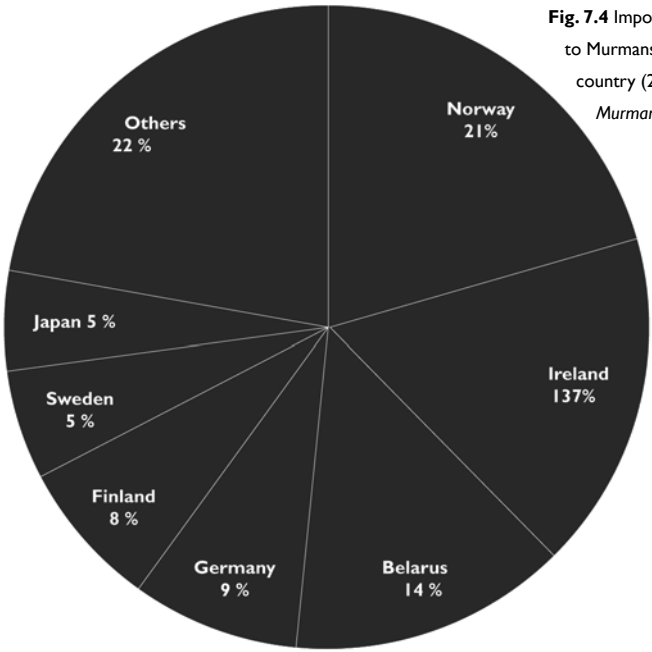


Fig. 7.4 Imports of goods to Murmansk by source country (2010) *Source: MurmanskStat 2011*

development of the Murmansk region – despite the country's geographic proximity and the project opportunities in which Finnish companies, even small ones, might have expertise to offer. It seems that contacts at the state, municipal and NGO level, as well as joint projects in education, science and culture, have developed favourably, but business cooperation with Finnish companies has been minimal. This can be attributed to the economic crises of 1990 and 2008 as well as to the fact that St. Petersburg, the Leningrad region and Karelia are often viewed as more attractive for FDI than Murmansk (Didyk et al. 2009).

In Finland the situation has been acknowledged at the state level, and Finland's Strategy for the Arctic region (FSAR 2010) states that developments in the Barents Sea region affect not only Northern Finland but the entire country. There is potential for utilising Finnish expertise in many sectors, such as offshore industries and shipbuilding, infrastructure construction, machinery and equipment, logistics, knowledge of Arctic conditions, and environmental know-how. However, the strategy underlines that in order to improve the

opportunities of Finnish small and medium-sized enterprises (SMEs) to benefit from the large projects undertaken in the Barents Region, Finland must improve its logistical networks in the North, make the border formalities more efficient, develop its Arctic know-how, improve networking possibilities and strengthen the investment support organisations for its SMEs. For instance, Siuruainen (2010, 130) emphasises the increasing importance of investment promotion organisations, such as Finpro, Finnvera, Tekes, VTT and MEK, in helping Finnish SMEs find their way to the Murmansk region. Also meriting mention in this regard is the Barents Strategy for the Advancement of Finnish Enterprise in the Russian Barents Region (BSFE 2009). The strategy assesses the business opportunities of Finnish companies in the region and presents strategic goals for the Finnish government, cities, universities and research centres, among other interested parties, that serve to support Finnish involvement in the region's economic development.

At the moment, several large-scale projects are under way in the Murmansk region. Perhaps the best known is the Shtokman gas field project, which is to be implemented by Shtokman Development AG, a company owned by Russian Gazprom (51%), French Total (25%) and Norwegian Statoil (24%). The full development of Shtokman is envisioned in three stages at four-year intervals, with the first phase producing up to 23.7 billion cubic metres of natural gas per year. The total costs of the project are expected to reach USD 30 billion, with USD 15 billion required already during the first phase, that is, the first 25 years of implementation. Shtokman Development AG will develop and operate the field's infrastructure during this first phase, after which everything will be handed over to Gazprom (Shtokman 2009; Moe 2009, 78). With the field's peak production of 71.1 billion cubic metres per year not expected to be reached for 25 years (Shtokman 2009; Moe 2009, 78), foreign investors' source of revenue in this significant investment project still remains uncertain, at least to the public. In any event, Russia needs foreign expertise and capital to develop its Arctic natural resources, and foreign companies find these emerging opportunities attractive.

The Murmansk region also has a number of large projects in the offing outside of the oil and gas sector. For instance, developing Murmansk into a transportation hub is a part of Russia's transport strategy and will require huge investments, particularly in the port of Murmansk and related services. The renovation of the electricity transmission network, improvement of the

road network, and house building will also be among the most investment-intensive sectors of the economy in the near future. Finnish companies are not likely to have significant possibilities to participate in the core operations of these megaprojects, but the related subcontracting will provide numerous business opportunities for Finnish SMEs. In light of the statements in the Barents Strategy for the Advancement of Finnish Enterprise in the Russian Barents region (2009), Finland's Strategy for the Arctic Region (2010), the report by Siuruainen (2010), and the range of on-going research projects in the Murmansk region, the sectors with the best economic potential include the mining industry, forest industry, metal refinement industry, energy industry, heat and electricity production, shipbuilding, port development, navigation infrastructure, environmental technology, waste treatment, general infrastructure, transportation logistics and public services, house building, information and communications technology, and tourism services.

Some Finnish companies have recognised these opportunities and succeeded in becoming involved in the economic development of the Murmansk region. Examples of Finnish companies operating there include Aker Arctic Technology Inc (design and testing of icebreakers and other ice-going vessels as well as structures for Arctic oil and gas field operations), Eurotiivi (a window factory, currently owned by the Swedish Inwido Group), Oy SteelDone Group Ltd (steel structures for oil rigs in the Shtokman gas field), Lemcon Networks Ltd (road construction projects, member of Lemminkäinen Group), and Wärtsilä Oyj (a service centre in Murmansk for vessels in northern waters).

In an interview in spring 2011, Managing Director of Aker Arctic Technology, Mikko Niini, emphasised the need for nationally significant pace-setting companies and competitive clusters in increasing the activity of Finnish companies in the Russian High North. He noted that Finnish companies with suitable know-how have a large number of business opportunities in the region, particularly in cases where Russia is not capable of developing its industries without international cooperation. Russia sees Finland as a favourable partner in this development, but further activity is required from the Finnish side. In this regard, Niini pointed up the price competitiveness of Finnish companies as a challenging issue: Russian business people know the world market prices and the competitiveness of Asian industries. (Taivanen 2011)

Managing Director of Oy SteelDone Group Ltd, Martti Saarela, has underlined the importance of creating an extensive cooperation network

in the Russian market. The company has been active in that market since its establishment and has consciously invested in developing its contact base with the help of Finnvera, Finpro and Tekes. A case in point can be seen in Russian oil and gas projects, where the involvement of local companies and the transfer of technology from Western companies are increasingly stressed and joint ventures and partnerships have become the principal operation modes for foreign companies striving to enter the Barents market. According to Saarela, patient efforts have finally borne fruit and high-quality deliveries are expected to generate further business opportunities in the Murmansk region and other parts of Russia. (SDG 2008; SDG 2010)

Yet, the number of Finnish success stories is rather modest in relation to the potential and proximity of the Murmansk region. The next section examines the theoretical literature in an attempt to ascertain the preconditions of success in international projects.

Project exports

Characteristics of international projects

Project business refers to the process of developing, marketing and implementing technical-economic solutions to the buyer's needs (Owusu 2007, 695). There are various definitions of the concept of project, and the project marketing literature understands projects as being sold between organisations, whereas the project management literature views projects as taking place also within an organisation (Skaates et al. 2002). This study adheres to the former conception, which, in fact, has developed into a sub-field of the discipline of marketing (Skaates et al. 2003). Following the definition of Cova et al. (2002, 3), a project is a "complex transaction covering a package of products, services and work, specifically designed to create capital assets that produce benefits for a buyer over an extended period of time". The creation of human assets, that is, knowledge and skills, is also an important complementary goal in most projects (Welch et al. 2007).

In the globalised world, projects are increasingly implemented in international environments, where gaps in knowledge, culture and technology between the project marketer and purchaser are often wide. In fact, about half

of the value of the international trade in many developed countries today is in the form of project business. (Owusu et al. 2007, 695–696) At the same time, the products offered by industrial companies have become increasingly complex, including both products and services (Skaates 2003), which encourages the use of projects in the form of business. Project business is a profitable mode of entry to international markets and can provide international firms with competitive niches (Owusu et al. 2007, 710). Four characteristics distinguish projects from other forms of international business operations: uniqueness, complexity, discontinuity and the extent of financial commitment. Uniqueness refers to the extent of customisation in each project; complexity to all the technical, financial, political and societal issues related to implementing a project; discontinuity to the fact that there is a start and end date for each project; and financial commitment to significant sums of money being centred on a single project. These four characteristics also result in high uncertainty, as projects are products sold long before they are completed. (Cova et al. 2002, 13–23; Welch et al. 2007, 200–202)

As regards the modes in which projects are delivered, Luostarinen and Welch (1990) divide project operations into partial projects, turnkey projects and turnkey-plus projects. Partial projects provide partial systems or solutions; turnkey projects include a complete unit delivered to the buyer; and turnkey-plus projects provide, in addition to the complete unit, supplementary services such as training. The fact that a certain technology is novel and/or complex in a certain society and commonplace in another creates the basis for international purchasing of projects as well as for determining the project mode. Based on this, Ahmed (1993, 52) states that the novelty and complexity of technology affect whether the buyer can rely on its own resources and take care of the project locally, whether it buys hardware only, whether it buys know-how only, or whether it chooses to buy an integrated project that includes both the hardware and know-how. For instance, for a developing country with modest technical capabilities and weak technical infrastructure, the preferred solution is often to buy an integrated project.

It must also be noted that a project is a process, the phases of which have been defined in several ways in the theoretical literature. In general, the first stage of project marketing involves market scanning, approaching and networking, that is, gaining information about project opportunities and connecting with prospective buyers. The following phase consists of bidding, tender preparation,

interaction with consultants, and perhaps also negotiating with the buyer. (Welch 2005, 290; Welch et al. 2007, 208) After negotiations follows the choice of supplier (Welch et al. 2007, 208), ushering in the project implementation phase, where the major challenge is seeing to it that the delivery matches the commitments made (Welch 2005, 290). The follow-up phase includes investigating possible spin-off opportunities of the project, such as provision of additional services, goods and equipment (Welch 2005, 290; Welch et al. 2007, 208). In this way, the end of a project may be the start of a new one, meaning that the process is cyclic and iterative (Welch 2005, 290).

Firms are not necessarily involved in all stages of a project; they may be responsible for delivering only a part of the project. Particularly in the case of large integrated turnkey and turnkey-plus projects, a very diverse range of firms may be involved in implementing a single successful project (Welch 2005, 290). The following section continues with a focus on the preconditions for success in project marketing.

Key factors in successful project exports

As presented in the previous section, international projects are complicated – winning bids, let alone getting through the project cycle successfully, is not a given. The criteria for success in international projects have been studied from various angles, and research findings suggest that successful project marketing is a matter of designing an optimal project mix to address the challenges of complexity, heterogeneity, uncertainty, discontinuity and contextuality (Welch 2005, 291). This mix comprises the package mix, the relational mix, the strategic mix and the understanding of the milieu (e.g. Welch 2005).

The package mix refers to the contents of a project offer, that is, to a technical solution, price, local experience, partnerships, financing, and offset activities such as technology transfer. This offer must be superior to that of any competitors and simultaneously take into account the possible socio-economic concerns related to the project. (Welch 2005, 291) An important part of the project mix is also the intangible presentation of credibility and assurance on the part of the supplier, as it may take years before the project is completed (Welch et al. 2007, 230). Credibility can be generated, for instance, via the use of references, existing relationships and word of mouth (Skaates et al. 2003, 86).

The second category affecting the success of international project marketing is what is known as the relational mix, which refers to the development and maintenance of key relationships at all stages of the project cycle (Jansson 1989, for reference see Welch 2005, 291). In order to scan project opportunities effectively to obtain a first-mover advantage and to supplement its internal competencies with external resources, a company needs a wide network of contacts (Welch 2005, 291); these will include non-business and socio-political actors, particularly in developing countries (Ahmed 1993). For example, the required network of actors includes the marketer and the purchaser, financiers, consultants, subcontractors, and governments as purchasers or regulators (Owusu 2007, 699). For a small seller company the particular challenge is to not only manage its own network but also to understand the composition of the buying network, which may not be transparent to the company (Owusu and Welch 2005). Maintaining 'sleeping relationships' can also be a criterion for success if these non-active relationships can be quickly mobilised when a common project opportunity appears. Indeed, project marketing actions are not intended solely for one specific project but for a market of several projects, in which long-term relationships can be crucial. (Hadjikhani 1996)

The third group of factors, the strategic mix, refers to developing and combining anticipatory and adaptive project capabilities (Bansard, Cova and Salle 1993, for reference see Welch 2005, 292). Anticipatory capabilities are the core of a project company's ability to operate in differing international markets; they comprise the standardised product and service components that are ready for quick project launches in various situations and environments. Adaptive capabilities, in turn, enable companies to adjust their offerings to meet their buyers' needs in differing contexts. These include technical abilities, financial abilities, as well as knowledge and contact systems through which companies can adapt project marketing and implementation. (Welch 2005, 292; Welch et al. 2007, 232) Both proactive and reactive capabilities are needed as a part of a long-term strategy: a company needs to actively study the market for suitable projects, use business networks for information and proactively suggest suitable projects to purchasers (Owusu et al. 2007, 708).

In terms of the three mixes described above, the performance of a project company depends heavily on its understanding and ability to respond to the local project context. Consequently, the fourth group of success factors – the one perhaps most important in international project marketing – is the

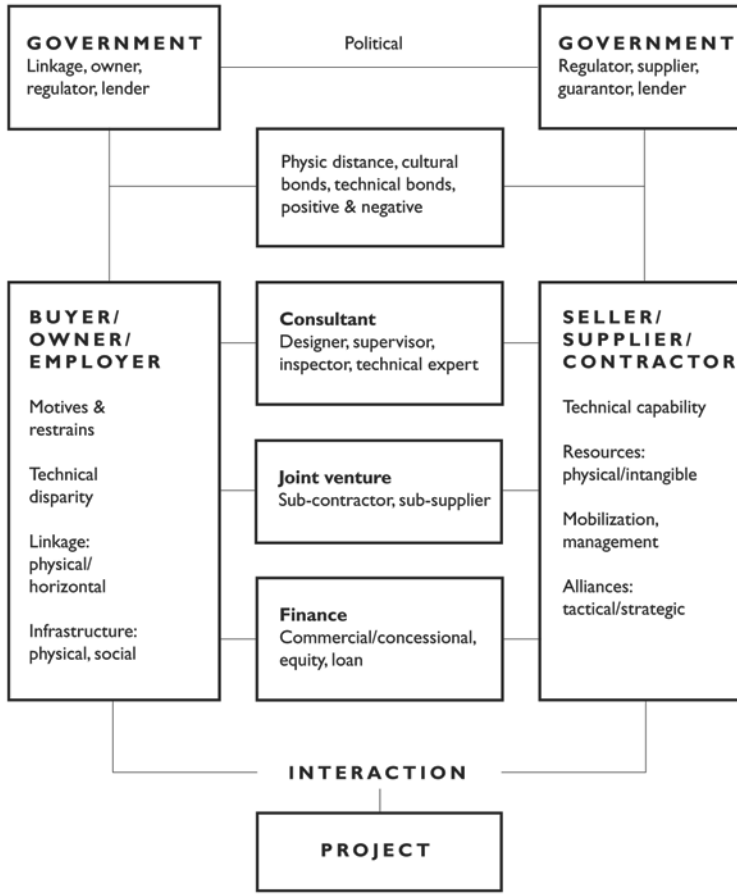


Fig. 7.5 Interactive model of project business
Source: Ahmed 1993, 104.

understanding of the milieu. This is because the local political, social, cultural and business context influences projects at all levels. (Welch 2005, 292; Welch et al. 2007, 233) The project milieu includes a territory, a network of actors within this territory, a representation constructed and shared by the actors,

and a set of rules and norms regulating the actions of the actors in the milieu (Skaates et al. 2003, 96). In particular, the political and legal features of the milieu can be challenging for a foreign project seller, with these including national procurement laws and regulations, protection of local firms, political risk, corruption and collusion, home and host country relations, and host government intervention. In addition, the level of national economic development in the client's country seems to affect the buying process in terms of project needs and specifications, requirements for technology transfer and levels of purchasing expertise. (Owusu and Welch 2005, 9)

Thus, the project seller has to convince other actors of its ability to perform as promised and expected in the milieu (Skaates et al. 2003, 96). There are several actors involved in a project, all of whom have their own motives, resources and constraints. In addition, the home and host milieus affect the actions of all the actors (Ahmed 1993, 104), as can be seen in the following comprehensive presentation of project business (See Fig. 7.5).

It can be concluded that project exports are a complex mode of business. The following section proceeds to illustrate practical experiences in international project marketing.

Earlier studies on business in the Russian North

During the past ten years, a great deal of research has been conducted on the Russian business environment and business challenges for foreign companies, particularly as regards the general investment climate and concrete business experiences in the Russian market. The main findings of this research are discussed in what follows.

The Russian business environment

Jones, Fallon and Golov (2000) explored the obstacles faced by transnational corporations considering FDI in Russia. Their findings suggest that Russia's relative lack of success in attracting FDI and exploiting its potential benefits can be attributed to the country's national infrastructural factors and government policies. The five main obstacles which help to explain the lack of investment in modern Russia are (1) "Russia's political and economic culture, and its

impact on government reform policies"; (2) "the country's taxation and legal infrastructure"; (3) "the presence of the oligarchy and the prevalence of crime and corruption"; (4) "the limitations of the natural privatisation process"; and (5) "the failure of domestic enterprises and managers to adapt to competitive market conditions" (Jones et al. 191). Fabry and Zeghni (2002) also studied the paradox whereby Russia is one of the largest countries in terms of natural resources and has a well-educated labour force and great market potential yet, at the same time, is one of the least attractive host countries for FDI in the region. They found that, in terms of quantity, FDI in Russia is too weak to enhance a restructuring process and contribute to a modernisation of local resources and skills. In terms of quality, they noted that Russia mainly attracts risk-taking foreign investors or investors willing to act in offshore areas protected by local government or by production sharing agreements. Foreign investors perceive the general business climate in Russia as unstable and risky (Fabry and Zeghni 2002, 289, 300).

Zarkada-Fraser and Fraser (2001) studied the perceptions that marketing managers of British construction firms involved in the Russian market have of political risk and market potential in Russia in comparison with other overseas markets. The analysis showed that the firms did not treat Russia any differently than they did other markets. However, the respondents were found to be highly concerned about the Russian political environment and the uncertain future of reforms. They were also worried about the possibility of government attitudes becoming unfavourable to foreign corporations in the future. The general state of the economy was found to be the second most worrying factor, with the legislative framework being the gravest concern. Aleshin (2001) identified, classified and assessed risks inherent in joint projects in Russia. According to the study, the implementation of projects in Russia is characterised by an environment of high uncertainty and risk; this in turn is due to the absence of a mature market infrastructure and a lack of sufficient experience and knowledge for working under such conditions. The research examined 16 dwelling projects to ascertain their experienced internal risks. The analysis suggests, for example, that establishing closer contacts with the operational services of the focal city and developing information systems among the project participants might reduce risk events. The companies that faced risk events had limited knowledge of the organisation, construction process technology, and the legal basis of investment activity.

Yet business risks, as well as the intensity of foreign business operations, vary considerably between the Russian regions. According to Broadman and Recanatini (2001), the determinants of the geographic distribution of FDI within Russia comprise the economic potential of the region, the development of the local infrastructure, and the local policy framework governing the economic activities, that is, the prices charged by regular utilities, tax rates, customs clearance, and the like. Mögel (1999) divided the Russian regions into 7 classes according to their investment climate. The study concluded that on a scale from 1 (favourable) to 7 (menacing), 75% of the Russian regions belong to classes 3 (undetermined) and 4 (rather unstable). The Murmansk region, located in the Russian Arctic, is one example of a region classified as politically rather unstable. In Murmansk, for instance, legislative stability and proper implementation of agreements, the social situation, and regional development of reforms were seen to be at a rather low level, and the presence of strong interest groups and the internal security and military threat to population groups were ranked high. However, the support for foreign investment was reported to be at the highest possible level (Mögel 1999, 34).

On balance, Russia on the whole is seen to be a somewhat risky business environment, but foreign investors nevertheless find business opportunities there attractive – albeit depending on the region in question. The next section takes a closer look at the Russian North.

Business experiences in the Russian North

During the past five years, most of the empirical studies concerning the business experiences of Western companies in the Russian North have been conducted from the perspective of Norwegian companies (see e.g. Shevtsova 2006; Nilsen 2007; Grinblat and Volkova 2007; Flatøy and Johansen 2007; Laaksonen 2010; Alteren 2011; Svishchev 2011). Shevtsova (2006), for instance, conducted a survey among theorists and company representatives on the incentives and obstacles of Norwegian companies in investing in Russia. According to her findings, the main problem for foreign investors is the lack of security where property rights are concerned. (Shevtsova 2006, 56) However, opinions concerning the order of the next most important challenges differed among the experts and company representatives interviewed. According to the experts, the customs authorities and the protection of creditors' rights are the most significant challenges, whereas the

company representatives considered corruption and the tax authorities to be the next most problematic issues in the market. Both groups, however, shared a common understanding that macroeconomic instability, political changes and the risk of expropriation are of medium-level concern for the investors, and issues related to Russian workers, criminality, barter and current trade policy are among the least worrisome factors. (Shevtsova 2006, 56–59)

In 2007, Nilsen (2007) carried out a comprehensive study on the business challenges encountered by two Norwegian companies in the Murmansk region, Barel and Reinertsen. He identified three groups of challenges: (1) bureaucracy and regulations, (2) language and culture, and (3) internal challenges (Nielsen 2007, 74). Regarding the Russian bureaucracy and regulations, both the companies had experienced problems particularly with the customs authorities and accounting regulations. Contrary to the findings of earlier studies, the interviewees did not mention tax systems or property rights as problematic issues. Corruption was not considered problematic either – once they had chosen not to engage in it. However, both companies emphasised having spent a lot of time familiarising themselves with Russia before entering the market and noted that business started to run more smoothly when they had learned the procedures. Regarding language and culture, the representatives stated that having fluent skills in Russian would have facilitated their operations significantly. Despite hiring Russian-speaking Norwegians for the project and having English-speaking Russians as business partners, the language was still seen as a barrier to cooperation, other obstacles being various differences in business culture, such as punctuality and formality. Internal challenges took the form of problems with the attitudes that the Norwegian and Russian employees had towards each other, which hampered cooperation between departments. However, the companies overcame these challenges and, according to Nielsen (2007, 78–79), the success factors in these cases were thorough preparation, a long presence in the Russian market, patience with processes, the 'financial muscle' to be able to wait for the start of revenues, and the expertise gained in the Russian market.

The studies of Grinblat and Volkova (2007) and Alteren (2011) support these findings. Both studies discuss the differences between the Norwegian and Russian business culture and emphasise the importance of creating personal relationships and a contact network in learning how to do business in Russia. Regular face-to-face contact is needed in building strong commitment and

trust, and the importance of language skills is also underlined. According to Alteren (2011), the companies in his study benefited from a Russian 'door-opener', who presented Russian business life and introduced the right contacts to the foreign managers. Alteren notes that the building of business relationships is a costly and time-consuming process, but that it is essential for a company to stay up to date on matters such as prices, wage levels, new regulations, and recruitment possibilities. Based on these studies, it can be concluded that a company need not have previous experience on the Russian market to succeed there; selecting a qualified and trustworthy door-opener may provide the key to the business and networks.

Flatøy and Johansen (2007) took a closer look at the requirements for internationalisation in a Norwegian company and divided the success factors into intangible organisational factors, tangible organisational factors, external factors, and internationalisation factors. Intangible factors included experience from other complex projects and international operations, efficient cooperation and communication technologies, dedicated and skilled management, involvement in a supportive network and choice of the right time to enter the market after sufficient preparations. Tangible factors included attractive technology and/or products and financial strength. External factors, in turn, were related to the target location, and included low wages, the availability of qualified labour, taxation advantages, ability to handle bureaucracy, closeness in mentality between Norway and North-West Russia, and relations to decision makers. The final group, internationalisation factors, comprised maintaining control over risks, keeping control over knowledge transfer, good reputation, and knowledge of Russian language and culture. (Flatøy and Johansen 2007, 107–119) This framework is quite comprehensive and also in line with the previously discussed studies on Norwegian experiences.

In comparison to the work done on Norway, far less research has been conducted concerning Finnish business experiences in the Russian North. In one example, Dutka, Rouge-Oikarinen and Ovaskainen (2010) studied the attitudes of companies in Northern Finland towards the business opportunities in the Russian North. A majority of the respondents had not considered entering the Russian market, mainly due to the small size and local nature of their operations, lack of resources, difficulties related to customs regulations, and lack of knowledge about the Russian market. In addition, bureaucracy, the complicated legal system, corruption and the difficulty of finding trustworthy partners were

seen as concerns. Consequently, many of the companies surveyed were not interested in internationalising their business, or considered expanding their operations to countries other than Russia. While most of the respondents were nevertheless interested in further information and business training concerning the Russian North, only one of the companies was willing to participate in the courses offered. General training was not of interest, but the companies were keen on receiving concrete help in creating a contact network in Russia.

According to a study by Siuruainen (2010), the key problem for Finnish SMEs in entering the Russian North is the lack of adequate knowledge about the business opportunities in the Barents Sea region. This is largely due to the lack of contacts, language skills and cultural knowledge. Siuruainen underlines that there is not enough information and support for SMEs in learning about the opportunities in Murmansk and in preparing to attend to emerging projects.

Siuruainen (2010) presents the following suggestions for Finnish SMEs in entering the Murmansk region. Firstly, companies need to familiarise themselves with the target market, follow the development closely, and be prepared for the upcoming project opportunities in order to be able to participate in time. Secondly, SMEs should form strong clusters to be able to succeed in project bidding competitions and business negotiations. Thirdly, Siuruainen emphasises the importance of gaining connections to regional authorities and becoming subcontractors for large corporations. He also notes the need to create networks to promote continuous cooperation and to achieve acceptance and credibility among partners. In addition, he encourages Finnish companies to focus on their fields of expertise, noting that the large projects taking place in the Barents Sea region are not all that is taking place in the North; that is, many other sectors are developing in the area in the shadow of the giant projects. In addition, Siuruainen refers to the increasingly important role of research and education in increasing Finnish expertise on Russia and the Arctic and to the increasing importance of the Finnish investment support organisations in helping the companies to enter the Russian North.

To sum up the findings of this chapter, it can be said that despite their success in the Murmansk region, Norwegian companies have experienced their share of problems in the Russian business environment. This is the only way to learn to do business in Russia, and Finnish companies should follow this example and learn from the experiences of their Norwegian colleagues. The following section presents the conclusions of this review and gives suggestions for further studies.

Conclusions and suggestions for further research

International project marketing can be challenging in several aspects. As discussed in the theoretical review, there are numerous factors that contribute to success in project exports – factors that a company starting project exports to a new country should be aware of and be able to manage. The experiences of Norwegian companies in the Murmansk region indicate that a successful company must have the products and services required, recognise the emerging business opportunities, have trustworthy contacts to get into business negotiations, and have the business strategies and knowledge of the Russian culture and language that will enable it to succeed in those negotiations. Despite the problems encountered, several Norwegian companies have managed to meet the needs of Russian buyers. In terms of the theoretical framework, these companies have met criteria for a successful international project – the package mix, relational mix, strategic mix and understanding of the milieu – at a level adequate to the buyers.

Even though Norwegian newspapers often discuss the problems and failures of Norwegian companies in the Murmansk business environment (Nilsen 2007, III), it must be noted that the situation is better in Norway than in Finland: the Finnish media do not have much to report on - even unsuccessful business experiences in Murmansk. Risk-taking, a long-term presence, and patience are required when planning to enter the Russian market. An analysis of the literature indicates that the lack of business interest and/or success on the part of Finnish companies in the Murmansk region is mainly due to the following issues: lack of information about investment opportunities in the region, lack of necessary networks and contacts in Russia, absence of strong and competitive clusters to support market entry, bureaucracy, corruption, customs procedures, logistical problems and language and culture barriers.

Finnish companies, researchers and policy-makers should cooperate to discuss these challenges and implement concrete actions to overcome the main problems. In addition, stronger practical and financial support should be made available for the companies in need. However, to gain a thorough understanding of the underlying attitudes Finnish companies have towards doing business in Murmansk, to comprehend the challenges they perceive in that ambition, and to recognise their practical needs, further studies including empirical surveys and interview data are required.

In order to be able to present practical policy recommendations and managerial implications, the following questions should be discussed and analysed against empirical data on Finnish companies' experiences: What are the main obstacles to engaging in project exports to Murmansk? What is the role of clustering in this process? What is the role of international innovation collaboration in entering the Russian North? When the challenges and problem areas of Murmansk project exports have been identified comprehensively, it will be possible to find a way to address them. This literature review creates a basis for further research on the understanding of international project marketing and, in turn, on increasing the Finnish business activity in the Murmansk region.

References

AHMED, M.M. (1993). *International marketing and purchasing of projects: interactions and paradoxes. A study of Finnish project exports to the Arab countries*. Helsinki: Svenska handelshögskolan.

ALESHIN, A. (2001). Risk management of international projects in Russia. *International Journal of Project Management* 19(4), 207–222.

ALTEREN, G. (2011). Connecting to the right people; the key to develop business in Northwest Russia. *Økonomisk fiskeriforskning* 21(1), 18–25.

BROADMAN, H. G. & RECANATINI, F. (2001). Where has all the foreign investment gone in Russia? *The World Bank. Policy Research Working Paper 2640*. Retrieved October 15, 2011, from http://www.wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2001/08/29/000094946_01080904131456/additional/113513322_20041117151536.pdf.

BSFE (2009). *Barents strategy for the advancement of Finnish enterprise in the Russian Barents region*. Retrieved October 18, 2011, from http://www.ouka.fi/elinkeino/barents/barents_eng.pdf.

COVA, B., GHAURI, P. & SALLE, R. (2002). *Project marketing: beyond competitive bidding*. Chichester: John Wiley & Sons.

DIDYK, V., RIABOVA, L. & BRITVINA, S. (2009). Finnish companies in Murmansk Province: collaboration potential is underused. *Murmansk Province 2008, Biannual monitoring review*. Retrieved October 15, 2011, from http://cemat.aalto.fi/fi/electronic/economicmonitoring/reports/murmansk/2006-2009/murmansk_2008_eng.pdf.

DUTKA, A., ROUGE-OIKARINEN, R. & OVASKAINEN, A. (2010). *European High North CBBC Innovation Platform -projektin pk-yrityksille suunnattu kyselytutkimus: toimintakertomus ja tutkimustulokset*. Retrieved October 15, 2011, from http://www.barentsinfo.org/loader.aspx?id=e340a1de-e75e-4c3f-9561-21d10dfb5967.

FABRY, N. & ZEGHNI, S. (2002). Foreign direct investment in Russia: how the investment climate matters. *Communist and Post-Communist Studies* 35, 289–303.

FLATØY, R. & JOHANSEN, K. (2007). Living next door to Gazprom: how a Norwegian company found itself in Murmansk, employing 80 engineers and welders – and a guy from Verdal. Master's Thesis in Energy Management, EN310E 003. Retrieved October 15, 2011, from http://brage.bibsys.no/hibo/bitstream/URN:NBN:no-bibsys_brage_4077/1/Flatoey_R.pdf.

FSAR (2010). *Finland's strategy for the Arctic Region*. Prime Minister's Office Publications, 8/2010. Helsinki: Helsinki University Print.

GRINBLAT, M. & VOLKOVA, I. (2007). Risks and barriers for Norwegian companies on the Russian oil-and-gas market. Bodø Graduate School of Business. Master's Thesis in Energy Management, EN310E. Retrieved October 15, 2011, from http://brage.bibsys.no/hibo/bitstream/URN:NBN:no-bibsys_brage_5415/1/Grinblat.pdf.

HADJIKHANI, A. (1996). Project marketing and the management of discontinuity. *International Business Review* 5(3), 319–336.

JONES, A., FALLON, G., & GOLOV, R. (2000). Obstacles to foreign direct investment in Russia. *European Business Review* 12(4), 187–197.

LAAKSONEN, E. (2010). Political risks of foreign direct investment in the Russian gas industry – the Shtokman gas field project in the Arctic Ocean. *Electronic Publications of the Pan-European Institute*, 14/2010. Turku: Turku School of Economics. Retrieved October 15, 2011, from http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/Julkaisut/Laaksonen_netti_final.pdf.

LUOSTARINEN, R. & WELCH, L. (1990). *International business operations*. Helsinki: Helsinki School of Economics.

MOE, A. (2009). The Russian Barents Sea: openings for Norway? In Rose Gottemoeller & Rolf Tamnes (Eds.), *High North High Stakes – Security, energy, transport, environment,* pp.75–85. Bergen: Fagbokforlaget.

MURMANSKSTAT (2011). Federal State Statistics Service of the Murmansk region. Data retrieved October 15–30, 2011, from http://murmanskstat.gks.ru.

MÖGEL, N. A. (1999). The political risk in Russian regions. *Reihe Transformationsökonomie/Transition Economics Series*, No. 3. Vienna: The Institute for Advanced Studies in Vienna.

NILSEN, E. L. (2007). *Motiver og barrierer for norske bedriftsetableringer i Nordvest-Russland – en analyse av to bedrifters etablering i Murmansk*. Master's Thesis in Marine Business Management. Norwegian College of Fishery Science, University of Tromsø. Retrieved October 15, 2011, from http://www.ub.uit.no/munin/bitstream/handle/10037/1023/Thesis.pdf?sequence=1.

OWUSU, R. A. & WELCH, C. (2005). *The buying network in international project business: a review and conceptual model* (Presented at the 21st International Marketing and Purchasing Group Conference in Rotterdam, Netherlands in 2005).

OWUSU, R. A., SANDHU, M. & KOCK, S. (2007). Project business: a distinct mode of internationalization. *International Marketing Review* 24(6), 696–714.

SDG (2008). SteelDone Group sai ennätystilauksen. Oy SteelDone Group Ltd, News Archive. Retrieved November 30, 2011, from http://194.187.213.226/~steeldon/index.php?p=steeldone_group_sai_ennatystilauksen.

SDG (2010). Venäläinen tytäryhtiö OOO SteelDone Group aloittanut toimintansa. Oy SteelDone Group Ltd, News Archive. Retrieved November 30, 2011, from http://www.steeldone.com/fi/uutiset/venalainen-tytaryhtio-ooo-steeldone-group-aloittanut-toimintansa.html.

SHEVTSOVA, J. (2006). *Barriers and obstacles to foreign direct investment (FDI) into Russia*. Master's Thesis in International Fisheries Management. Norwegian College of Fishery Science, University of Tromsø. Retrieved October 15, 2011, from http://munin.uit.no/munin/bitstream/handle/10037/328/thesis.pdf?sequence=1.

SHTOKMAN (2009). *Shtokman Development AG*. Information retrieved April 14, 2010, from http://www.shtokman.ru/eng/about.

SIURUAINEN, E. (2010). *Barentsin alueen uusiutuvat rakenteet – suomalaisten yritysten toimintamahdollisuuksia Luoteis-Venäjällä*. Retrieved October 1, 2011, from http://www.tem.fi/files/29016/Barents_web012011.pdf.

SKAATES, M. A., TIKKANEN, H. & LINDBLOM, J. (2002). Relationships and project marketing. *Journal of Business & Industdrial Marketing* 17(5), 389–406.

SKAATES, M. A., TIKKANEN, H. & ALAJOUTSIJÄRVI, K. (2003). The international marketing of professional service projects: to what extent

does territoriality matter? *Journal of Services Marketing* 17(1), 83–97.

SVISHCHEV, R. (2011). *When management myths collide? Case study of management control systems in two Norwegian companies, operating in Russia*. Master's Thesis in Business, BE304E. Universitetet i Nordland. Retrieved October 30, 2011, from http://brage.bibsys.no/hibo/bitstream/URN:NBN:no-bibsys_brage_18597/1/Svishchev_Roman.pdf.

TAIVANEN, M. (2011). Mikä ihmeen arktinen teknologia? *Ulkoasiainministeriön artikkelit ja kolumnit*, published May 6, 2011. Retrieved November 30, 2011, from http://formin.finland.fi/public/default.aspx?contentid=219946&contentlan=1&culture=fi-FI.

WELCH, C. (2005). Multilateral organisations and international project marketing. *International Business Review* 14, 289–305.

WELCH, L. S., BENITO, G. R. G. & PETERSEN, B. (2007). *Foreign operation methods – theory, analysis, strategy*. Cheltenham: Edward Elgar.

ZARKADA-FRASER, A. & FRASER, C. (2001). Risk perception by UK firms towards the Russian market. *International Journal of Project Management* 20(2), 99–105.

CHAPTER 8

Luc Ampleman

TRANSPORTATION PLANNING AND SUSTAINABLE DEVELOPMENT IN THE FAR NORTH: THE MAIN BARRIERS AND POTENTIAL AVENUES

Introduction

Sensitive to technological progress and the insatiable desire for physical mobility, the world's infrastructure capital has not stopped growing for a long time. Even more, conclusions about human mobility seem undisputed in that we never have moved so much (Cattan 2006; Knowles, Shaw and Docherty 2008; Sheller and Urry 2006): always further, faster, longer and more often. The social, economic and environmental impacts of transport go far beyond the location of infrastructure, and, sooner or later, transport policies interfere with one other. Technological development and know-how are transferred to new geographical areas, and access to safer and more reliable services becomes a political issue at all levels of governance. The harmonisation of rules, the arbitration of disputes and the prioritisation of 'needs' have proven to be foolhardy exercises for decision makers.

In this regard, planning for sustainable transport solutions has appeared as part of an important mantra for nearly the past twenty years. Sustainable transport has found a place in the discourse and agenda of planners and policy makers who are currently facing a series of challenges which can appear contradictory: i) limiting the negative impact of transportation on the environment caused by the unbridled construction of infrastructure and the 'over-mobility' of human beings; ii) ensuring equitable access to key transportation services to the entire population, including the most disadvantaged populations, while at the same time iii) enabling transport to continue to play its economic role.

To date, a substantial literature has developed around the theme of sustainable transportation. One may not be surprised by the important place accorded to

sustainable transportation in large urban areas, but how does it concern the hyper-periphery and the remote cold regions? Although there is an obvious interest in sustainable mobility outside the big cities, including the so-called 'rural areas', are these general reflections about sustainable transport and its insights adapted to the Arctic region?[28]

Sustainable transportation in the Arctic: toward a pan-regional paradigm

The northernmost region of the world indeed faces a series of important challenges in terms of mobility. Although transportation is at the very heart of Arctic geopolitics and the economic agenda of the countries concerned, the planning of sustainable solutions for such a complex region remains poorly documented. In this regard, there are several reasons to believe that both the problematization and the initiatives put forward to facilitate the achievement of sustainable transport in the Arctic Region need an appropriate and original mental framework. Consequently, the paradigm of sustainability must be rethought for the circumpolar region, notably by considering the physical particularities of the region as well as the political heritage of Arctic region-building.

The present chapter aims to trace lines between transport planning in the Arctic Region and the challenges of sustainable development. In doing so, the following pages will attempt to answer four key questions: What is transport planning? How is transport planning influenced by the idea of sustainable development? What are the main barriers encountered by the Arctic communities in terms of transport planning? What avenues can we adopt to overcome these barriers? Hopefully, this general picture of the situation and challenges will serve as a starting point to build more suitable indicators and approaches for sustainable mobility in the Arctic.

---

28 Some theoretical distinctions between 'mobility' and 'transport(ation)' will be discussed further below. However, to alleviate and avoid repetition, both words may sometimes be used interchangeably and generally refer to the physical movement of people and goods. The term 'Arctic region', unless indicated otherwise and despite its variable geography, refers in a broad sense to the area proposed by the Arctic Human Development Report (2004, 17-20).

Transport planning

What is transport planning?

Transportation as a system encompasses many means of transport and concerns many aspects of a socio-political dimension including safety, economic development, impact on the environment, and efficiency of access. Transport planners work with the assumption that implementing one initiative or policy (for instance, on air transport) may have repercussions on other means of transportation (for instance, on land transport) and other aspects of life. In this context, the idea of taking a holistic view of the situation, including all means of transport, constitutes both an unavoidable idealistic requirement and an impractical challenge.

Transportation planning can be defined as a practice aimed at establishing priorities, goals, scenarios, strategies, and instruments of intervention for the mobility of people and goods in a given territory. It consequently poses a series of simple questions in order to provide for (or restrict) the movement of people and goods over a given territory:

- What should / can we do?
- Who can do it?
- For whom should we do it?
- Where should it be done?
- When should it be done?
- How should it be done (with what resources: know-how and financing)? Who will pay for it?

As suggested by some analysts, the distinction between transport policy and transport planning is often blurred (Rodrique, Comtois and Slack 2006, 227). For the purposes of this paper, 'transport policies' are considered as available instruments that decision makers can use to intervene in services and infrastructure, while 'transport planning' is a general meta-practice providing general guidelines about where, when and how to implement the policies. In this context, policies may be considered as 'speech acts' that constrain or influence different stakeholders to various degrees. Transport policies can be considered as initiatives formulated by authorities to achieve particular objectives related to the functioning and

performance of the transport system and the mobility of people and freight. As practitioners, transport planners may evaluate what the actual capital of transport infrastructure and service for a specific area is and what potential speech acts would make it possible to improve the mobility capital of the actors.

The functions of transport planning

As a political tool, transportation plans generally contain not only a series of priorities, goals, scenarios, strategies and instruments of intervention, but are also built around a specific context of intervention where the above-mentioned elements find their coherence and application. This context usually takes stock of both the past and current situation, as well as the expected evolution in the future. In this sense, transport planning does not differ from general planning in other sectors. Once transformed into a policy tool or translated into a political document such as a 'transportation plan', transport planning consequently fills different functions.[29]

Transport geographers sometimes mention two complementary functions that are integrated into the modus operandi of 'predict and provide', a process in which planners are invited to anticipate (predict) the needs and future problems of geographical mobility in order to implement (provide) adequate infrastructure, facilities and policies to optimize the efficiency of the system (traffic flow, safety of users, etc.) (Owens 1995; Shaw, Knowles and Docherty 2008;Vigar 2002, 2010). In this case, the *prediction function* concerns expectations based on the current situation, previous experiences and projections. Using illocutionary classification, one may refer to assertive and expressive speech acts.[30] The *providential function* concerns more concretely directive, commissive and declarative speech acts (Searle 1976).

---

29 Transport planning fills a pragmatic function (a decision) insofar as it announces a doing (a speech act), a semio-narrative function in the sense that it tells a story (past, present and future) by presenting (or denying / being silent about) the failures or the potential or actual successes of what has been made known, and a rhetorical function or marketing purpose (justification) where the planning seeks to convince someone of the merits of the approach taken.

30 However, because transportation plans are more than just prospective and because they try to propose a complete diagnosis of the past and present situation, it is perhaps more relevant to speak of an evaluation function rather than simply a prediction function. In this sense, planners and transportation geographers should refer to 'evaluate and provide'.

The 'evaluate and provide' process constitutes two important functions of transport planning; nevertheless, another function, which is not always mentioned, deserves to be mentioned, namely the *justification function*. One purpose of planning is indeed to provide stakeholders with a 'rationale' of representation and defendable information constructed as key facts that help justify the orientation of the decision makers. The justification acts as political marketing and aims to convince stakeholders of the relevance of the evaluation and providential functions.

Transport planning as a narrative

As an object of analysis, there is another role played by transportation plans which often remains tacit. This aspect concerns the semio-narrative dimension of transport planning. Basically speaking, transport planning is a 'fairy tale', but a reverse fairy tale: it is a narration that tells what will or might happen. Of course, transportation planning could be narrated as something accomplished or currently happening, but it is first developed as a 'saga-to-come'. In this sense, transportation plans can be analysed as a narrative in a Greimassian way.[31]

Borrowing from Greimas the idea of canonical narrative forms, one may expect to find in transportation plans, as in any other forms of narratives, three general axes and six actants: I) an axis of desire, where a subject is linked and (co-defined) with an object; II) an axis of power, where helpers facilitate and assist the subject to reach the object and where opponents constrain *a contrario* the subject in her/him/its quest; III) the axis of transmission (or knowledge), where a sender transmits to the subject the mission to accomplish and possibly its significance. Once the mission has been accomplished (or not), a receiver (the sender and/or the subject and/or any other protagonist) may benefit (or not) from the accomplishment (or not) of the quest in which the subject was engaged (Greimas 1986[1966]).

Through the complex articulation of the plot and its semiotic nomenclature, Greimas also pays attention to the four potential phases of the narrative: manipulation, competence, performance and sanction. In the manipulation phase the subject is instructed about its mission. In the competence phase, the

31 Semio-narrative theory has been used in several fields of social science. For examples of some applications, Cf. Boudes (2002).

subject acquires the capacity (knowledge and tools) to undertake and succeed in its mission. During the phase of performance, where most of the core action takes place, the subject does what it is supposed to do to achieve its mission. Lastly, in the sanction phase, the subject obtains a verdict about the success or failure of its quest according to the outcomes of the quest and the relative benefits for the receiver(s).

By referring to fairy tales clichés, one may illustrate the standard narratives. In fairy storylines, the King/Queen [sender] gives a mission to a heroine/hero [subject] who must save the kingdom from a disaster [phase of manipulation]. To ensure the safety of the kingdom [object], the protagonist must arm him/herself and develop his/her learning [phase of competence]. By doing so, the main protagonist is ready to confront dragons and villains [opponent] thanks to the help of allies [helpers]. This is the core of the action [phase of performance]. At the end the hero/heroine receives a sanction depending on the outcome for the kingdom and other protagonists [receivers], a situation that makes it possible to judge the subject's failure or success [phase of sanction].

A similar scheme may be used to understand the logic of transport planning. However, in the transport planning narrative, the fantasy world is replaced by a non-fictional one; the actors are different while the actants, as structures, remain the same. The government or a collective of national governments [sender] may give a specific group or itself [subject] the mission to reach sustainable development [object] for the benefit of the community [receiver]. Confronting lack of time, knowledge and financial resources as well as non-adapted legal structures [opponent], the main conductor of the transportation plan must develop its strategy, improve its knowledge and obtain supplementary capacity to intervene. Thanks to the help of useful resources like good political tools and public consultation [helpers], the conductor of the plan may reach its objective(s). Depending on the quality or quantity of the projects achieved (or not achieved) during the follow-up of the plan, depending on the smooth running of the planning process itself, and depending on the outcome on the sustainability of transport, the conductor of the plan will be sanctioned. This could lead to the failure, success or partial success / failure of the plan, which may lead to a request for a new transportation process (an update to the plan) to improve or maintain transportation intervention. It is important to note that the narrative can be told from the point of view of transportation conductors or from the point of view of the transportation plan itself. The transportation

plan can consequently be associated with a different actancial role depending on who is narrating and how the narrative is structured.

During the planning process, planners and working groups must generally go through four phases: 1) the manipulation phase, where they are asked to achieve the mission; 2) the competence phase, where they receive knowledge and suitable tools; 3) the performance phase, where they engage in suitable interventions and ensure the implementation of projects; and 4) the sanction phase, where they receive feedback from the community or initiators of the plan. The sanction could lead to various conclusions from an iterative update of the actual plan to the start of a new strategic plan. The sanction could also lead to the abandonment of the process or even simply to the neglecting of the planning process.

Governance complexity

One of the peculiarities of transport in both the political and planning dimensions is its presence at all levels of public governance, as well as its physical dimension, which requires coordination on a large scale since ad hoc interventions will affect the rest of the network scale and sometimes in other places, each level of governance generally assuming the responsibilities attached to the scale of governance, including the supranational level. Shaw, Knowles and Docherty note that "policies for transport are not just in relation to particular modes, but also different spatial scales which themselves usually reflect hierarchies of government institutions" (2008, 63).

Over the past 15 years, political authorities at various levels of governance have increased the number of public policies, initiatives and strategic planning efforts to improve the mobility of people and freight in the circumpolar regions (see Table 8.1).

At the national level, for instance, one may mention the case of Iceland, where the Ministry of the Interior has carried out a general draft transport policy.[32] The

32 The new Ministry of the Interior, which officially started its activities at the beginning of 2011, is the result of the fusion of two former ministries, namely the Ministry of Justice and Human Rights and the Ministry of Transport, Communications and Local Government. The Ministry of the Interior covers a wide range of political sectors including justice, the police, security, family, religion and the national church, immigration, postal services, communication and

LEVEL OF GOVERNANCE	EXAMPLE OF TRANSPORT PLAN IN THE HIGH NORTH REGION	YEAR	RESPONSIBLE BODY
NATIONAL	The Icelandic transportation policy "Transport 2011-2022" (SAMGÖNGUÁÆTLUN 2011-2022)	2011	Ministry of the Interior of Iceland
REGIONAL	ALASKA STATEWIDE TRANSPORTATION PLAN: Let's Get Moving 2030	2008	Alaska Department of Transportation and Public Facilities
	Nunavut Transport Strategy - Let's Get Moving	2009	Nunavut Department of Economic Development & Transportation
	Regional Transportation Plan for Finnmark 2010-2013 (SAMFERDSELSPLAN FOR FINNMARK 2010-2013)	2010	Finnmark County Council (Finnmark fylkeskommune
LOCAL	FAIRBANKS METRO 2035: "A Plan to Keep You Moving"	2010	Fairbanks Metropolitan Area Transportation Systems (FMATS) -Metropolitan Planning organisation
PAN REGIONAL	NORTHERN CONNECTIONS: Multi-Modal Transportation Blueprint for the North, a pan-territorial perspective on the transportation needs of Northern Canada	2008	Northwest Territories Ministry of Transportation Nunavut Ministry of Economic Development and Transportation Yukon Ministry of Highways and Public Works
PAN NATIONAL	TRANSPORT STRATEGY OF THE BARENTS REGION 2008: Conclusions of STBR Process 2003-2007	2008	Steering Commitee for the Barents Euro-Arctic Pan-European Transport Area (Barents Euro-Arctic Council)

Table 8.1 Examples of transport plans/strategies in the High North

policy, which covers the years 2011–2022, has the main aim of ensuring an efficient transport system in the field of civil aviation, maritime and road transportation for its citizens. The draft policy constitutes a good example of a transportation plan at the national level coping with major political issues and state responsibilities in the transportation field (Iceland, Ministry of the Interior, 2011).

The state of Alaska offers a good illustration of the transportation planning process at the regional level.[33] The Department of Transport and Public Facilities (DOT&PF) is conducting a 20-year Long Range Transportation Policy Plan following the federal regulation of the United States as well as the state's own statute (United States, Federal Highway Administration, Department of Transportation 2007; Alaska State Government 1998). The current statewide transportation plan, called *Let's Get Moving 2030* (Alaska State Government 2008), is also supported by six regional plans (Prince William Sound, Southeast Alaska, Southwest Alaska, Northwest Alaska, Yukon–Kuskokwim Delta and Interior Alaska), two metropolitan transportation areas plan (Anchorage and Fairbanks)[34], as well as different modal/system transportation plans for aviation, State Rail, bicycles and pedestrians, and for safety issues on the Alaska Strategic Highway (Alaska State Government 2010).

Other transportation plans at the regional level include, for instance, the transportation plan of Finnmark "Samferdselsplan for Finnmark 2010–2013" (Finnmark fylkeskommune 2010) and the Nunavut Transport Strategy, which, curiously, is also entitled *Let's Get Moving* (Nunavut, Department of Economic Development and Transportation 2009). Less holistic and more project-oriented, the Northwest Territories in Canada have also provided a series of planning exercises during the past few years that have led to planning narratives. This kind of initiative suggests that planning can be undertaken at different levels of governance (Northwest Territories 1999, 2005a, 2005b).

From time to time, transportation plans and strategy go beyond the political boundaries of local, regional and national levels of governance. In 2008, Yukon,

---

transport, among others.

33 By "regional" here and subsequently, I mean the first-level administrative subdivision of a country: e.g., "state" in the USA, "province" in Canada, "county" in Norway." The term is used in an administrative sense, not a geographical, cultural or economic one.

34 The execution of transportation plans is also compulsory under the federal regulations of the United States. Cf. 23 CFR § 450.322. Development and content of the metropolitan transportation plan.

the Northwest Territories and Nunavut joined forces to influence the Canadian federal government on what should be done to improve the mobility of people and goods in the High Canadian North by publishing '*Multi-Modal Transportation Blueprint for the North, a pan-territorial perspective on the transportation needs of Northern Canada*' (Northwest Territories, Ministry of Transportation; Nunavut, Ministry of Economic Development and Transportation; & Yukon, Ministry of Highways and Public Works 2008). However, the most ambitious example of partnership in transport planning remains 'Sustainable Transport in the Barents Region' (STBR) conducted in the Barents Euro-Arctic Transportation Area (BEATA). The plan was divided into two phases – STBR I (2003-2005) and STBR II (2005-2007) – and has delivered a significant number of transport studies and a general strategy in the vast region covered by the Barents Euro-Arctic Council (BEAC) with the goal of "strengthening transport cooperation across the borders, specifically between Russia and Nordic Countries, and improving sustainability in transport" (STBR 2008). The process has involved many participants at different levels and a steering committee with high-level officials meeting on an annual basis. While activities slowed down in 2008, initiatives to ensure a follow-up and give a new direction to the strategy are under consideration.[35]

The sustainable dimension

Although people were not deliberately planning 'unsustainable transport' before the emergence of the sustainability paradigm in the wake of the Brundtland Report, one may question whether transportation has already been and can be *eo ipso* sustainable.[36] The rapid expansion of transport systems – especially in

35 It is possible to consult most of the STBR sector-based and technical studies as well as BEATA steering committee meeting reports at http://www.barentsinfo.fi/beac/document_database/wg_documents.aspx?ID=4. [Last accessed: 29.03.2012]. For a short critical presentation of the process, see the document prepared by Stig Nerdal (2011).

36 William R. Black, referring to historical works on transport (Albion 1965; Lay 1992), states, with a dash of biting wit, his doubts concerning the possibility of constructing a transportation system without negative externalities: "The major long-distance transport mode of the 1700s was sailing ships. Although they used renewable wind energy, they were becoming non-sustainable because they were depleting lumber stocks used in their construction and repair. The typical

the western world, but more and more widely all around the world – appears to force all stakeholders to improve the way we travel and limit the negative impact of transport on ecosystems.

The list of negative impacts caused by transportation – but even more by the expansion of transport systems – includes "congestion; fatalities and injuries; noise, air, and water pollution; greenhouse gas emissions; diminishing energy resources; and biological and ecosystem damage" (TRB 2005, 1). On the other hand, as mentioned in the European White Paper on Transport, "Overall, transport infrastructure investments have a positive impact on economic growth, create wealth and jobs, and enhance trade, geographical accessibility and the mobility of people" (European Commission 2011, 4). The challenge is to achieve balance and a good understanding of how we can reach sustainable transport: "No major change in transport will be possible without the support of an adequate network and more intelligence in using it" (ibid. 4). How should the action of planners be guided? How should sustainable transport and its indicators be defined?

In a paper prepared for the Transportation Research Board (TRB), William R. Black has compiled several essays on the definition of sustainable transportation (Black 2005). The definitions include 1) adaptation to the transportation field of the concept of sustainability as found in the Brundtland Report, sustainable transportation being defined as one **"**that meets the current transport and mobility needs without compromising the ability of future generations to meet these needs" (Black 1996, 2004, 2005; UN-WCED 1987); 2) the general idea of the bankability of transportation as suggested by Schipper: "sustainable transport is transportation where the beneficiaries pay their full social costs, including those that would be paid by future generations" (Schipper 1996; quoted by Black 2005, 46) a definition focused more on the general sustainability of the mobility dimension: "the ability to meet the needs of society to move freely, gain access, communicate, trade and establish relationships without sacrificing other essential human or ecological values today or in the future" (MIT & Charles River Associates 2001, quoted by Black, ibid.).

Definitions are not, however, without problems, and the pragmatic sense of planners sooner or later requires them to identify a list of problems, develop

---

transport mode of urban areas in the 1800s was the horse–wagon–buggy–carriage system. That system resulted in tens of thousands of horses polluting streams, wells, and streets of these urban areas and obviously exceeded the assimilative capacity of these environments" (Black 2005, 36).

	ECONOMY	EQUITY	ENVIRONMENT
SUSTAINABILITY ISSUES	• Productivity • Business activity • Employment • Tax burden • Trade	• Equity • Human health • Community livability • Cultural and historic values • Public involvement	• Pollution emissions • Climate change • Biodiversity • Habitat preservation • Aesthetics
IMPACT OF TRANSPORT ON SUSTAINABILITY	• Traffic congestion • Mobility barriers • Accident damages • Facility costs • Consumer costs • Depletion of non-renewable resources	• Inequity of impacts • Mobility disadvantaged • Human health impacts • Community interaction • Community livability • Aesthetics • Affordability • Community cohesion	• Air and water pollution • Habitat loss • Hydrologic impacts • Depletion of non-renewable resources • Climate change • Noise pollution
EXAMPLES OF INDICATORS	• Economic costs of traffic accidents • Access to employment • Shipping costs freight transport effiency • Portion of trips by auto, public transit, and non-motorized modes • Etc.	• Accident-related deaths and injuries • Quality of land use accesibility • Habitat and cultural sites degraded by transportation facilities • Quality of accesibility for people with disabilities • Etc.	• Air pollution exposure: Number of days of exposure per year • Climate change: emissions (CO2,CH4) • People exposed to traffic noise above 55 LAeqT • Etc.

Table 8.2 Sustainable transportation issues and impact of transport on sustainability

Source: Inspired and adapted from Litman and Burwell (2006) and Litman (2008, 2009)

some indicators, and list potential solutions that are adapted to the problems identified (Black 2002, 2005, 2010; Kahn Ribeiro et al. 2007; Litman 2006, 2007, 2011; TRB 2008). Echoing the classic dimensions of the nomenclature of

sustainable development, which finds its practical formulation in the concept of the three 'E's' (environment, economy and equity), Litman and Burwell (2006) have identified a series of transport issues and problems that have an impact on sustainability (Table 8.2).

Once the transportation impacts are measured, established or simply anticipated (the narrative phase of competence), the stakeholders in transportation intervention hope to take suitable actions (the narrative phase of performance). So far, transport analysts have suggested a global way to classify possible actions and also more concrete measures to improve transportation sustainability and limit the negative impact of transport.

Banister, Pucher and Lee-Gosselin (2007, 19-20), for instance, divide actions to be undertaken into four sets of policy measures: "a) *Technology*, including investment in technology[,] in transport modes, information systems and in the transport system itself, and in giving industry clear directions on priorities (e.g. on hybrid and fuel efficient vehicles and alternative fuels); b) *User regulation*, including driver and vehicle licensing, taxation and pricing, standards and traffic regulations; c) *Land use development*, including planning and regulation; d) *Information*, including social pressure, awareness raising, demonstration, persuasion, and individual marketing."

More concrete proposals for sustainable actions may include, for instance, as suggested by Kahn Ribeiro et al., measures like: "Lower speed limits on motorways; [maximise] occupancy vehicle requirements; develop free and expanded urban public transport for certain roads and networks; [encourage] vehicle maintenance requirements; [implement] odd/even number plate and other driving restrictions; [encourage] alternatives to travel (e.g., greater telecommuting); [reduce] congestion through removal of night-time/weekend driving bans for freight; direct traffic restrictions in certain districts, [adopt] emergency switching from road to rail freight" (2007, 371).

So far transportation plans which are sensitive to the imperative of sustainability have worked out to integrate, more or less successfully, proposals for interventions into their narratives.[37] How can transportation planning in the High North integrate the sustainability dimension? The following section proposes a list of the main barriers that may be encountered by High North

37 Jeon and Amekudzi (2005) give a good example of the integration of the sustainability paradigm within the Missions of the State Departments of Transportation in the United States. Cf. especially Table 1 (p. 31).

transport planners, forcing them to adapt their planning narratives. Those barriers do not concern sustainability issues alone, but they pinpoint in general the contextual challenges faced by transport planners in the Northern polar region and hyper-peripheries.

Some barriers

Barrier 1: The Far North Dimension

The first barrier may appear as a truism for the High North as it concerns the geographical dimension of transport from a geophysical perspective. This inescapable dimension of circumpolar geography endlessly provides the quintessential pitch line of transport planners who argue that transport faces unique challenges in the polar regions and must de facto be treated differently. The vast territory and its relative 'inaccessibility', the cold temperatures of the high latitudes, the sensitive environment, the strong manifestation of climate change and its impact on transport infrastructures all make adapted engineering, complex environmental procedures and exorbitant investment in cold regions essential. In some polar regions, the material needed for infrastructure construction or simply for maintenance must be transported by boat during the navigable season. Bad planning and neglectful requisitions cause delays and raise the cost of intervention. Broken pieces of transport machinery cannot always be replaced the following day, and calling in a transport specialist may involve extravagant expenditures. The capricious northern weather also has an impact on transport delays and practice and the non-exceptional presence of wild fauna on roads or even landing strips forces transport planners to heighten alertness concerning mobility aspects that are relatively less disturbing in the southern part of the northern hemisphere. Even when it comes to transport regulations, one may state that some standard transport rules are difficult to apply in the High North. This might be the case, for instance, concerning the statutory maximum hours that a trucker may drive for safety reasons. Without a place to stop and rest alongside the road, truck drivers venturing into the north will probably not risk stopping in mid-winter on the shoulder of the roadway under the pretext of respecting the regulation. Despite the risk, it might appear safer for truckers to extend

the driving time and arrive at their destination (Gouvernement du Québec 2005, 30).[38]

The geophysical aspect of circumpolar geography is, however, not the only factor that has an impact on the complexity of transport planning in the High North. The social and political context has proven to be challenging as well for planners, and planning tools must take into consideration several elements which appear totally different in the southern and more populated areas of the Arctic countries. The strong presence of indigenous communities, sometimes as a regional majority, the existence of a non-market economy and subsistence/traditional activities, the convolution of multi-level Arctic governance, the unusual nature of Arctic demography (low-density population, high birth rates, and the percentage of young people in many indigenous communities, the challenges and patterns of migration), and the importance of some social and cultural issues affecting well-being in northern communities compel transport stakeholders to negotiate the priorities differently. Classic conflicts linked to land-use in the context of new transport projects constitute one example of challenge and clash between values and stakeholders: the preservation of fauna and flora for traditional activities vs. the development of new access for industry that may lead to profits for the economy (Northern Development Ministers Forum 2006).

When linked together, the social and physical dimensions of High North geography contribute to the image of the Arctic Region as a unique ecosystem far from the rest of civilisation. In fact, many areas of the Arctic are well-developed both technologically and socially. However, the persistent remoteness and the distance between southern and High North communities as well as between the northern communities themselves, nonetheless, appear to Northerners as a major issue for mobility. Ironically, one important planning issue of High North transport planning is transport itself, as meeting sessions between stakeholders become an amazing puzzle of logistics. Meetings between northern stakeholders and sometimes their southern partners generally involve long journeys. Meeting possibilities depend on the availability and length of flights, weather conditions, the availability

38 I have occasionally seen a plane crew (pilot and co-pilot) forced to share the same room in Nunavik on an overnight trip. While each crew member should, in theory, be provided with his or her own room in order to get as much rest as possible, the unavailability of rooms can lead to some deviation from the regulations.

of accommodation, and the costs of transport. As a result, many transport planning meetings concerning 'northern remote regions' have to take place in southern capitals or administrative centres.

These factors have a major impact on project costs, risks, social outcomes and the political life of Northern stakeholders. But they also affect long-term transportation planning itself by:

a) making it more difficult to *predict* trends and needs and to *provide* adequate consensual long-term transport solutions that are adapted to northern conditions;
b) forcing decision-makers and transport planners to think outside the square and *justify* their actions;
c) compelling policy makers to adapt the transport policy standards to the regional context;
d) making the logistics of the transportation planning process itself a puzzle.

Barrier 2: Lack of awareness of the transport system

Considering what has just been said about the High North as an awkward field for transport planning, one might believe that a good knowledge of the Arctic Region and transportation can at least guarantee better transport planning. A second barrier to arctic transport planning comes from the complexity at the core of transport planning itself. In fact, transportation itself – like many other political areas and regardless of the geographical region that one considers – has been developed in sub-sectors and requires nowadays the expertise of many specialists. There are good reasons to believe that this complexity is amplified in the High North, but to what extent?

Horizontally, many transport practitioners have their own geographical areas. In many transport geography books, the geographical division is still dominated by the twosome 'urban area' and 'rural area'. General transportation plans conducted at the more global or national levels try to embrace this general vision. This nomenclature is usually constructed on the basis of subjective criteria of demography/density and geographical functions (cities = industrial transformation, commercial activities and main administration of services; rural area = extraction/exploitation of natural resources) (Desmarais and Ritchot 2000). Transport geography theories have notably developed

the concept of IURT (Inter-Urban and Regional Transport) to facilitate the implementation of policies targeting the improvement of mobility between the two parts of the so-called centre-periphery paradigm (Charlton and Vowles 2008). If under this classical geographical paradigm, the Arctic appears at first glance to be a northern periphery opposed to the great southern centre, many High Northerners may not recognize themselves in the former category. They usually argue that the Arctic Region has its own development dynamics where major cities like Murmank (approx. 320,000 inhabitants), Arkhangelsk (approx. 350,000 inhabitants) and Anchorage (approx. 280,000 inhabitants) are, demographically speaking, similar to major areas in the south. Small and middle-sized cities in the North, like Akureyri, Rovaniemi, Tromsø, Kirkenes and Fairbanks, have developed into important centres of knowledge and education. The geopolitical position and security issues related to the whole region also contribute in general to the distinctive dynamics of the region. In terms of transportation, the 'shared' area has notably triggered cross-border initiatives at a high political level in order to find the best solutions to link and harmonize disparate national practices, regulations, norms and infrastructural systems. The presence of traditional activities and the spectacular development of the mass-tourism sector may also puzzle transport planners: aren't the transport systems of the High North different from those described in the classical categories of urban transport systems and rural transport systems?

Vertically, in term of means of transport – air transport, maritime transport, railways, road transport, off-road vehicles (ORVs), public transport, bikes, etc. – in land transport, structures and infrastructures are differentiated. These divisions are reflected in the departmental organization of national and even regional transport administration. Despite global planning, one may observe that relations between those fields are intricate and often rare, and specialists of air transport and land transport seem to live in different worlds. It is interesting to note that many localities in the High North, despite their small size, have to cope just as much as populous major southern cities with all kinds of transport infrastructures: ports, airports, roads and sometimes railways. The geographical context requires infrastructures and transport equipment to find technology that is adapted to northern conditions while the social context and the distinctive environment demand the adaptation of southern transportation policies to the northern context. As a consequence, the administration of northern transport policies necessitates the contribution

of many specialists in different fields and, moreover, special knowledge of the cold regions and the hyper-peripheral context.

Transversely, the focus on domains of intervention in transportation also adds to the complexity of knowledge requested to ensure shared, accepted solutions. Core specialties like safety, economy and the environment have found an important place in transport administration and planning, even sometimes eclipsing issues like mobility and access itself. In the Arctic, the development of aboriginal law, the emergence of new agreements and treaties, and the consolidation of new governance architecture have necessitated the improvement of competence in legal terms.

Barrier 3: A cumbersome process between tokenism and the zeal of expertise

Because of the complexity of the High North, planners risk falling awkwardly into one of two non-constructive tendencies in planning: tokenism or the zeal of expertise.

In the first case, facing the complexity and the large number of various groups and interests represented by the stakeholders, planners may try to comply quickly with principles to plug the holes, for instance, by forming a symbolic work committee on the environment or by supporting the participation of one representative from indigenous people on a project work committee.

In the second case, the good intention of being inclusive by involving a maximum number of stakeholders can lead to a long and cumbersome process of planning. Such decisions may appear as a good strategy to avoid implementing some projects quickly and thus to play for time. Sometimes, however, this may be the only level-headed opportunity to make interveners face each other and try to benefit from the point of view/know-how of everyone and avoid possible misunderstandings. In 2006-2007, in Québec, when the community of Whapmagoustui and the Ministry of Transport of Québec started exploring the possibility of building the first road connection between the south and the adjacent Cree and Inuit communities of Whapmagoustui and Kuujurapik, the Ministry of Transport of Québec organized the first two committee meetings, which were attended by 19 organizations, many of them coming with several representatives including specialists and lawyers.[39] A similar project in the south

39 The meeting was not a consultation. The idea was to form an authentic working group.

would not have involved as many actors. In the transport planning process, this kind of project constitutes just one among many that should be coordinated to optimize the results.

Barrier 4: The eternal dissatisfaction of users and the necessity of prioritization by decision makers

This barrier arises notably for three reasons. First, because the interventions sometimes need to be implemented in a specific order so as to maximize results; many projects may not figure in a specific plan or suddenly come out at the top of a list of priorities even if they were not planned earlier, turning the original plans upside-down. The operational sequences are particularly significant in logistical and economic terms. For example, some villages in the Far North cannot afford the purchase of a crusher for infrastructure maintenance. Such equipment must be moved by barge during the navigation season from one village to another. As there is a risk that they will not see the crusher again for a few years, localities might be tempted to improve not only the road but also the apron of the airport, which is not a priority if we compare it to another community airport that might be waiting for its turn.

The pre-project committee included from the Federal Government: Economic Development Canada, Transport Canada, Public Works Canada, and Indian and Northern Affairs Canada; from the Provincial Government: Hydro-Québec, Tourisme Québec, Ministère des Ressources naturelles et de la Faune (Mining Sector); Ministère des Ressources naturelles et de la Faune (Forest Sector), Ministère des Transports du Québec, Secrétariat aux affaires autochtones (two representatives: one for the Crees and one for the Inuit); Ministère des Affaires municipales et des Régions (MAMR), and Ministère du Développement économique, de l'Innovation et de l'Exportation (MDEIE); for the Inuit: Makivik Corporation, Kativik Regional Government, and the Community of Kuujjuarapik; for the Cree: the First Nation of Whapmagoostui, the Grand Council of the Crees, the Cree Regional Authority, and the Nation of Chisasibi. To avoid burdening the process at this stage, both federal and provincial ministries of the environment were not invited at this stage. (Is this an example of tokenism? It is difficult to say.) However, even though they would have been concerned by the project as the proposed road would pass through the James Bay area, the Municipality of Baie-James, the Regional Council of Baie-James and the Société de développement de la Baie-James were not invited either. They nevertheless asked to participate.

The second reason arises from the trivial human fact that although there are a number of important concerns that all translate into concurrent needs or desires from various stakeholder groups, there is unfortunately, in principle, a limited number of resources to respond to the demand. This situation is not unique to the High North, but concerns the typical problem of resource allocation. Everybody wants the latest technology and the best transportation services. We all want an asphalt road in front of our place, and if others have one, why shouldn't we? Moreover, once a project has been implemented, we tend to forget it and move on to our next request. Different agendas, visions and concerns may lead to tumultuous or long negotiation processes between the parties involved. An important source of stress for transportation decision makers is the creation of a precedent: "If we do it here, they will all want the same thing there". In this case, one may say that this situation is especially true in the North, where decision makers have to justify high levels of investment and public expenses in areas with small populations.[40]

Finally, changes that occur during the planning process complicate the situation. These changes have various roots: natural disasters, new economic potential, lack of resources, new social priorities, new political orientations, etc. Changes can be expected especially when the established order of priorities is planned within a fixed long-term framework (typically 15 to 20 years). The rapid changes in the Arctic over the last 20 years have forced planners to update their agendas constantly.

---

40 I remember, while working on new projects in the High North of Québec, the reactions of some high-level administrators and even one politician. One project, for instance, involved the paving of the local road in Nunavik, notably to limit the negative effects of dust from gravel roads. Though the project was intended for municipalities which were under the responsibility of the provincial government, the fact that the municipalities were inhabited by Inuit led some governmental administrators to say: "If we asphalt a road for Inuit, we will have to do it in all the other aboriginal areas." A similar reaction happened later when working on the delivery of the Transport Strategy for the Nord-du-Québec region in 2007-2008. Some provincial civil servants were unenthusiastic about the idea of strong public participation of the Northerners – and especially the Crees and the Inuit – in the planning process. They were worried that Natives from other regions might ask for similar conditions in future projects. These kinds of reactions are taboo and not well documented or publicized among the public and the public administration.

Barrier 5: The unnoticed High North dimension in transport planning - The gap between southern and Arctic transport planners

Whether we talk about general reports, public policies or national strategies on transportation, polar transport in both its political and technical dimensions still remains overlooked. To illustrate the situation, one may refer to most official policies concerning transport planning in the West. For instance, the document from the European Commission "*A sustainable future for transport: Towards an integrated, technology-led and user friendly system*" may be considered as representative of the style of semiotics (European Commission 2009). As in many cases, transport is represented visually in the main document as well as on the website by the most common means of transport (maritime, air, terrestrial), but the general semiotics concerns the urban dimension of great cities during summer time. In such a representation, it is difficult to find the presence of any circumpolar dimensions. In reality, despite the fact that many national and transnational policies intend to pay more attention to issues of equity and transport for remote regions (Hoffmann and Bentzen 2006; Spiekermann and Wegener 2006; White 2011), remoteness remains scantily represented. Obviously, the illustration of heavy traffic in urban agglomerations is a well-known issue in Europe, whereas the simple northern image of reindeers on the roads of Lapland is far from being part of general European transportation concerns. In the case of Europe, this situation is especially interesting as Europe is currently engaged in an important process of creating a European Arctic policy (Airoldi 2008, 2010; Council of the European Union 2009; European Commission 2008).

One of the most important meetings of transport specialists in Europe is the Association of European Transport. The association holds a three-day congress (the European Transport Conference) every year, attracting more than 500 specialists from more than 30 countries. Since 1996, the proceedings of the conferences have usually been published on the website of the association as well as the list of presentations. Of a total of 3390 papers listed, only two of them include the keyword 'Arctic'.[41] More than 800 papers include the keywords 'urban', 395 contain the word 'London', and 89 have 'Paris' (Association for European Transport). Transportation analysts admit that transport geography

41 One of them was written by Serge B. Shlikhter (1998). The other was written by the author of this paper in 2009 (Ampleman 2009).

has a strong focus on urban populations and remains very car-centric (Shaw, Knowles and Docherty 2008, 7; Sustrans 2011, 4). Northern transport planners have a great deal to do to integrate polar issues into the pool of sustainable mobility issues.

Barrier 6: Oft-overlooked transport concerns in Arctic studies and among social scientists – The gap between practitioners and social scientists

It is not only in the field of planning practice that the polar transport planner seems isolated. If the Arctic seems to be quasi-absent in transport planning discourse, the presence of transport in Arctic studies also remains significantly unremarkable. In general, the question of mobility in the Arctic has received a good deal of attention from the general public as well as from scholars in the last decade. In this context, transportation has been considered from various angles:

- Extreme transportation narratives: the crossing of the Bering Strait, the adventures of fearless explorers trapped in ice with their vessels, the polar race at the turn of the early 20th century, and lonely ice road truckers braving the polar night. Historians have borne out the difficulties and the ingenuity of northern communities and explorers linked to mobility toward, from and within the northernmost areas, reporting about all means of transport used from the dog sled to boat planes. Military history, especially after the late 19th century, provides relevant information to understand the development of transport systems and infrastructures. (Cf. the following publications of the journal *Arctic - Arctic Institute of North America*: Barr 1985; MacLaren 1994; Nelson 1993; and Veluwenkamp 1995. More generally, Cf. Drivenes and Jølle 2006. Concerning ice-road truckers, Cf. the popular television series on the History Channel and Rowland 2010).

- Growing interest in Arctic issues and geopolitics has also brought significant concerns about the importance of transportation in the Arctic. Some events have benefited in recent years from generous press coverage and abundant publications: the Russian operation resulting in planting of the Russian the flag on the Arctic seabed, control of Arctic sea passages, the need for new icebreakers, the risk of maritime piracy, the struggle over Hans Island, military patrols and exercises in the Barents Sea, and the search for new opportunities

for towing and commercializing icebergs. (Many examples in this field can be given: Cf., for instance, Christopher and Fast 2008; Du Castelle 2010; Heininen 2004; Labévière and Thual 2008; Lasserre 2001, 2010; Quilleré-Majzoub 2007; Voronkov 2009.)

- There is a need for new investments in the far North following national policies and strategies pinpointing the economic potential of the 'polar-dorado' and the importance of improving infrastructures in order to access natural resources. Another aspect of this economic development in the High North concerns new tourist packages and the development of Arctic sightseeing: epic polar cruises, dog sledding trips, and whale watching in converted fishing boats. (Following are some examples for guidance: Ejdemo and Söderholm 2010; Glomsrød and Aslaksen 2009; Heininen 2007; Stewart, Draper and Johnston 2004.)

- Anthropologists have studied the significance of mobility and the impact of new infrastructure and technology (including snowmobiles, GSP, infrastructures) on traditions and small and remote northern and traditional communities. (Cf. Hastrup 2004; Stammler 2009.)[42]

---

42 During the Seventh International Congress of Arctic Social Sciences (ICASS VII) held in Akureyri in June 2011, a session was organized by Joachim Otto Habeck (Siberian Studies Centre, Max Planck Institute for Social Anthropology, Germany) and Ludek Broz (also from the Max Planck Institute) on the theme: Movement for Pleasure – the Pleasure of Moving. This session focused on the topic of physical mobility, bringing new considerations on transport, trade and the actors associated with different patterns of mobility. These presentations can be considered "in line" with the concept of the New Mobility paradigm (Ury & Sheller 2006). Among the researchers who spoke during this session, I would like to mention Donatas Brandišauskas (*Walking, Routes and Strength among Orochen-Evenki Hunters and Herders of Zabaikal'e (East Siberia)*), Anna Stammler-Gossmann (*Pleasure with profit or profit with pleasure: The concept of travelling abroad in Russia*), and Ludek Broz (*Changing habits of travelling in Siberia*). In another session, Tanya Argounova-Low presented a paper about truckers in Sakha (*Roads and Long-Distance Driving in Sakha (Yakutiia)*). I believe that this field of research can be beneficial for transport analysts by bringing newer perspectives than those associated with "hard" geopolitics and technical engineering. Cf. http://www.iassa.org/images/stories/ICASS_Program_book_main_text_Revized_June_19_jhi.pdf. [Last accessed: 26.11.201]

This recognition of transportation as a significant factor in the development of circumpolar regions sheds light on many significant issues affecting the well-being of Arctic people(s). However, Arctic transportation is rarely at the centre of these analyses or studied as a system.[43] In the essential Arctic Human Development Report (2004), for instance, the mobility of people and goods has not been studied thoroughly, although its importance has been mentioned, notably in the chapter on Circumpolar International Relations and Geopolitics (Heininen 2004). Overall, there is little risk of mistake in stating that the overall picture of the status of polar transport is still missing. Such a picture could help decision makers and Northern transport analysts by providing referential guidelines in a different paradigm than those associated with urban and rural transportation.

Barrier 7: The lack of publicity about local transport in the polar regions: The gap between the global and the local

So far, an essential part of geopolitical analysis regarding transportation in the Arctic has focused on both the spectacular dimension and global perspective (IR), especially issues involving security, the environment and economics.

This situation has led, for instance, to the consideration of the important global dimension of transport. However, without denying the importance of those international matters, one might argue that a number of concerns regarding the Circumpolar mobility of people and goods at the local and regional levels continue to be unfamiliar to both the general public and global transportation specialists. Among the concerns that have found a place on the agenda of High North regional transportation planners, but still may appear strange to others, one may mention:

- Access to trap lines / hunting zones
- Reindeer husbandry protection
- Mobile health care and evacuation
- The improvement of east-west connections
- Border crossings for people
- Rescue services cooperation
- Small craft safety

43 A quick look at the Arctic Journal, for example, shows that among the 2600 articles published since 1948, only six to ten touch more specifically on transportation as a system.

- Adapted snowmobile networks
- Decontamination of former mining and military sites
- Protection from problems associated with drugs, alcohol, gambling and crime
- Cost of transport vs. imported goods
- Food safety
- Maximisation of local benefits generated by the transport industry as well as by parallel industries (infrastructure construction, logistic services, consulting, etc.)

The division between the levels of issues (local and global) represents a significant barrier that transport planners, notably at the regional level, must surmount to propose solutions considering the Arctic transportation network as an integrated transport system.

Barrier 8: The long-lasting road to an Arctic global vision and filling the void between transport users and specialists of Arctic Regions

At the technocratic level, Arctic transportation practitioners and specialists across the Arctic have not had many occasions to meet and discuss circumpolar mobility issues in their global dimension. Although in the recent past some initiatives have been undertaken and have provided an occasion for transport specialists of remote regions to meet or have a rallying point for discussions about shared issues in their practice, most of these events have been aimed at specific, limited sectors (for example, the Arctic Marine Transport Workshop 2004, Arctic Roads 2007, the Arctic Aviation Experts Conference 2010). Other events linked to security, the environment and technical challenges take place on a regular basis. A good example would be the Arctic Council - Emergency Prevention, Preparedness and Response working group (http://eppr.arctic-council.org). The Journal of Cold Regions Engineering, which has been in print since 1987, publishes articles for transport specialists interested in technical issues of the high latitudes (ascelibrary.org/cro/). Architects of transport policies in the Arctic are beginning to have closer contacts. Several of them have already had the chance to meet at the pan-regional level. The Barents Euro-Arctic Transport Area is an example drawn from Northern Europe.[44] A Northern Transportation Conference in Canada has taken

44 Cf. Barents Euro-Arctic Transport Area: http://www.beac.st/?DeptID=8573 [Last accessed: 29.03.2012].

place every two years since 2005; issues such as new transportation technologies for Northern climates, the capacity of current transportation resources to meet demand, sovereignty and security issues, updates on major projects, and northern transportation corridors have been at the centre of discussion (Van Horne Institute 2011). Some projects are currently being developed which embrace a more global vision for the idea of a working group in transport and logistics at the Northern Institute.[45] In the near future, one may hope that those recent initiatives will provide a general toolbox to improve practices and support transport interventions adapted to the situation in the High North.

However, the distance between decision makers / specialists and those who should be the general beneficiaries of transport policies – the infrastructures users and the northern population – must be taken into account. As already suggested, the world of transport is particularly complex. The technical jargon and impossible-to-read infrastructure plans and specifications may widen the gap between the experts and the public.

Hypothetically, the strong male dominant culture in the field may also have certain consequences in the way issues are prioritized. From those who conduct, drive and pilot the means of transport to transport ministers, from those who build infrastructures to those who own transport companies and offer services, transport remains a world oriented towards the male gender (RTPI 2003). The development of a global vision and matching plan that can challenge, raise questions, and generate debate in which everybody participates, including indigenous people, youths and elderly people, remains an important issue.

Barrier 9: The invisible mobility behind transport

A major barrier regarding the planning of transport in general may be found in the significant misunderstanding that exists between 'fundamental mobility' and 'transport as physical mobility'. The second concept concerns people's physical access to their place of work and places that provide services like schools, hospitals, post offices and commercial centres. The situation may refer to the existence of public services and the capacity of governmental organizations to provide transport service for the population. Fundamental mobility goes

45 Concerning logistics issues in the High North, cf. The Centre for High North Logistics in Kirkenes (http://www.chnl.no/) and the project conducted by the Northern Dimension Institute on Transport and Logistics (http://www.ndinstitute.org/) [Last accessed: 29.03.2012].

further and concerns an anthropological dimension impacting the geography of transport itself. To be more explicit, it is worth going deeper into the fundamental dialectical concepts of nomadism and sedentarism.

In traditional scientific literature, the concept of nomads and sedentary people has been used to distinguish different human lifestyles. The term 'nomad' is used to designate people who are in "constant movement in search of sustenance, especially for grazing animals", and 'sedentary people' is used for those who are 'non-migrant', who set up for good in a specific location where local-based production takes place (Clark 1985, 283). This distinction remains important in the Arctic for social scientists and people defending their traditional rights in connection with nomadic and semi-nomadic activities.

In a distinct usage of this nomenclature, structural geographers have made a distinction between nomads and sedentary people. The former are defined as actors who control their own mobility, who have the political, symbolic and economic power to go 'where they want when they want'. Sedentary actors are, therefore, those who must make do with the available space following the control of geographical positions (Desmarais and Ritchot 2000). According to this new definition, nomads can historically be associated with powerful institutions (the church, the State) and major landowners who benefit from certain privileges, inherited or variously obtained. This situation makes them able to access not only certain prestigious positions but also to insure the building of production equipment and industries, the creation of rules concerning the zoning of agricultural areas, and the displacement of certain populations or groups for various reasons. The advantageous situation of nomads has also given them, and continues to give them, a certain measure of control over transport infrastructures.

This new distinction is important in the sense that it helps to debug the traditional distinction between the rural and urban dimensions, between the centre and the periphery. Having access to the most prestigious places or to the production places is structured in part by the actors' fundamental capacity for pre-mobility (Desmarais and Ritchot 2000). There is an important difference between those who build mines and deep water ports, travel by hydroplane with remote hunting/fishing/trekking outfitters for adventure weekends, finance roads and set up military bases, and have the power to prevent construction in certain areas and allow the building of infrastructure in other places; and those who deal with new rules about ORVs, who have to economize in order to buy their own plane tickets or have moved to the North because of their work,

thanks to the mobility capacity of the former. The development of research in structural geography has opened a new field of research to understand mobility and the power relations between actors (Desmarais and Ritchot 2000). Transport planners concerned with the social issue of transportation equity can no longer ignore this new theoretical advance.

Barrier 10: The deficiency of mobility and sustainable transport indicators for the Arctic

All of the above-mentioned barriers have a major impact on the ideal of transportation planning in the Arctic Region: the development of a global vision and an appropriate toolbox for sustainable mobility in the Arctic. In order to improve the development of a sustainable solution for transport, transport experts have been working for the last 20 years on transport indicators. Many indicators and models have been developed in the context of challenges faced by large agglomerations. Some work has been proposed together with some reflections to improve sustainable rural transport in the context of IURT (Inter-Urban and Regional Transport). In a preventive perspective, several practitioners have put forward a series of initiatives that can be undertaken to improve the sustainability of transportation.

Most of the indicators and initiatives that seem appropriate in most western countries would, however, have difficulty finding adequate support in the Arctic Region and remote areas. Classical initiatives that have been suggested include: i) reducing the need to travel; ii) switching to more efficient modes of transport, providing more ecological transportation options like pedestrian and bicycle routes; iii) reducing travel distance by promoting high-quality locations; iv) using the best available technology, like hybrid cars; v) implementing road pricing systems and increasing parking costs; vi) organizing projects like car-free days (Banister, Pucher and Lee-Gosselin 2007; Black 2005; Litman 2006).

After evoking some barriers encountered by transportation planners in general and, more precisely, in the context of the High North, where interventions and planning face more specific if not exclusive difficulties, the following section aims to suggest some avenues that may help predict, provide, and justify long-term transportation planning and intervention in the circumpolar regions.

Some avenues

Five avenues may be suggested to surmount the difficulties and facilitate the planning of polar transportation. Although these avenues may appear as general intuitive recommendations, they are nonetheless based on the central assumption that transport planning, like any public narrative, can be understood by all the stakeholders who are potentially part of the narrative scheme and who are open to implementing potential solutions to circumvent the previously diagnosed barriers.

Avenue 1: Preparing a global portrait of transport, mobility, and transport planning strategies in the Arctic

As has already been mentioned, the transportation systems in the Arctic have been treated to date in several specific ways under various approaches and rarely as a whole. In addition, a general picture of the polar transportation situation is still missing. Such a picture has already been produced for other sectors (the environment, health, education, language, culture). The mobility of people and goods could and should receive, in the near future, the same kind of attention as those issues addressed in the Arctic Human Development Report. Such a general picture could i) serve as a basis for discussion to inform public policies in the field of Arctic transportation; ii) feed further studies and facilitate decisions in other areas where transportation constitutes an issue (the economy, education, health, well-being in general); and iii) allow actors of the Northern circumpolar region to share a common vision and compare their own situations within the Arctic. Then they could negotiate with national governments in order to establish appropriate policies, particularly regarding criteria for sustainable transport that are adapted to the conditions in the Arctic.

Avenue 2: Encouraging studies on a new mobility paradigm that is applicable to the Arctic

The question of transport has, for too long, been dominated by issues related to engineering. This applies rightly to construction standards and maintenance, but also to social aspects concerning safety, comfort, the environment, access and quality of services. The advent of a new mobility paradigm has opened a

field of refreshingly new and critical reflections on the movement of people and goods (Sheller and Urry 2006). It has also raised the question of sustainable transportation in a much more holistic dimension. Transportation specialists can no longer ignore this new dimension and must take into account the contributions of interdisciplinary researchers who question travel experiences: Why do people move or not move? Why it is acceptable for some travellers to take more time while travelling or commuting? How can a sense of security be increased among travellers? How can greater equity in transportation be promoted? How can we, in some cases, facilitate the 'immobility' of certain groups who prefer to avoid travel? How can we transform stops and transits into more pleasant experiences for commuters? In this regard, the Arctic Region might not appear only as an area of challenges for transport, but also as an immense opportunity for travellers. The efficiency of transport, the ability to reach one's destination and the importance of the automobile remain pervasive aspects of transportation planning, but their 'obviousness' as priorities for transport can also be subject to further questioning. As the Arctic is facing unusual challenges from the traveller's point of view, the region also offers great opportunities to confront conventional points of view on transportation.

Avenue 3: Debating the criteria for sustainability mobility and a typology of mobilities in the Arctic (propose a model and promote it)

Due to concern about the intense development of transport networks in dense urban areas, as well as road congestion and increasing sensitivity to questions of safety and the risk that transportation represents for the environment, several solutions have been advanced in the last twenty years to promote more sustainable transportation. Indicators have been developed and public policies have been implemented to bring about changes. Since the majority of the population is concentrated around central and dense agglomerations, many policies and intervention measures are not tailored nowadays to meet the environmental, economic and equity challenges affecting transportation in the High North. In the near future, stakeholders from the northern circumpolar region should work on new indicators, taking into account long-distance travel, the natural and physical conditions of the High North, traditional activities, the limited possibilities to implement some urban-tailored solutions, and the mobility patterns of polar people. New criteria should be debated and developed in line

with the type of polar transport users/actors (workers travelling in and out, locals practicing traditional activities, locals with low-regional mobility, tourists, etc.) and the type of localization.

Avenue 4: Linking Global/Spectacular Issues to Local/ Modest Concerns

Transportation modes are complementary, and people generally use the same transportation infrastructures. However, several polar actors such as multinationals, wealthy hunting/fishing outfitters and army forces have their own transport infrastructure. Transportation networks can be considered on a regional basis, but travellers and traders often do not pay attention to these political limits. In the long term, transportation systems and infrastructures represent capital for those who build them and a source of challenges for those who inherit them. Who is going to benefit from good infrastructure tomorrow? Who is going to suffer from a dangerous network, and who will have to cope with the environmental impact of transportation? Who will have better access to resources and services? Who will profit from the effects generated by transport? All these questions are linked. Transport planners concentrate only on a few 'strategic corridors' while geopoliticians focus only on international transportation conflicts. But, then again, the issue of managing the capital of transportation systems remains. In the Arctic, as in other regions, the modest infrastructure must be seen as part of a bigger system and the mobility of local actors as part of the geopolitics of well-being. In this geopolitics, the actors negotiate projects and services while institutions at different levels of governance spend a great deal of time, energy and money to reconcile divergences and mediate conflicts. However, transportation systems in the Arctic appear rapidly in their international dimension. A project for a new mining road in Sweden may quickly be considered to have a big impact on the transport logistics of northern Russia or even China, while a new legal agreement with an Aboriginal community in Alaska concerning the construction of a pipeline may be considered as a model for further transportation development in Labrador. Transport planners, policy makers and mobility researchers must consequently re-think polar transportation as a system in its holistic dimension.

Avenue 5: Simplify the reading of transportation plans by using simple tools (posters) and presenting them as they really are: narratives

Planning tools are often designed by practitioners with extensive technical experience. They are the product of a long process and complex engineering. Transport strategies may appear to citizens to be long, mind-numbing documents. Conversely, shorter versions may look like the meaningless result of political marketing. To be understandable and satisfactory to all stakeholders, transportation plans must be readable by all. One possible strategy for planners to ensure common understanding is to develop visual tools offering a comprehensible synopsis of transport planning at a glance, for instance, on a poster or a series of posters.

Such a tool should be easily modifiable and easily revised over time according to the evolution of planning. Progress should be noticeable: which interventions have been successfully completed, which ones have not yet been accomplished, which ones have been abandoned, and which ones are under development. Transport planners can then add new projects and mention new constraints. Transportation plans should also be honest and assert, without hiding anything, what they really are: narratives. All stakeholders should be able to assess the story which is told and identify who the subjects are, the objects, the helpers and the opponent, the senders and receivers of the planning quest. People of the Arctic might be able to understand in what way the region is a general receiver (that will benefit from the quest) and whether the subject will be able to accomplish its mission. They must be able to confront the narrative of "their" transportation plan with their own projected narrative. This situation is also true at the pan-national level, for example, in the Barents Region. The fact that people from different cultures and countries are working on the same narrative constitutes a supplementary challenge, but also justifies the development of simplified tools with which everybody can understand the direction taken. With Arctic sustainability as the object of the narrative of transport planning, people from the Arctic would also benefit from telling their own narrative about the future to decision-makers at the national level of governance. In short, they may make clear for themselves why planning sustainable transport in the High North is different and requires different tools from those used in other regions. The national decision makers may then negotiate this narrative with other decision makers.

Conclusion

Planning the best solutions for transport systems and providing adequate policies remain a perpetual challenge for transport specialists. However, non-planning is not an option, as non-planning is, in fact, a form of planning. The assumption that one must evaluate and provide the best solutions to ensure the mobility of people and goods by using existing infrastructural capital appropriately seems indisputable. Nonetheless, this capital differs from place to place. The mobility of actors and benefits from transport are also unequal. For both physical and political reasons, polar transportation is confronted by supplementary challenges. Some of these challenges have been discussed in this chapter.

So far, despite the importance of transportation as a key development factor for the Arctic, as well as for the well-being of its inhabitants, few studies have been undertaken to describe the transportation situation in the circumpolar region. The development of specially adapted indicators for sustainable mobility in the Arctic has yet to occur. The establishment of a general picture and the identification of polar transport indicators would constitute an opportunity for the people of the High North to clarify the situation, agree on common sustainable objectives in order to maximize positive effects on regional well-being, and facilitate better use of existing infrastructural capital. It would finally constitute a foundation to negotiate with national governments concerning the implementation of adequate solutions for the Arctic.

For a region like the one covered by the Barents Euro-Arctic Transport Area (BEATA), this challenge is even more complex. The STBR process undertaken a few years ago constitutes a serious effort to plan several specially adapted actions in transport and reinforce the position of the region by enhancing the transport systems. Even if the follow-up to the STBR appears modest, the region has benefited since the beginning of the process from a better overview of the situation. Transport policy-makers have developed links with each other, many projects are still under development, and the common interest in going further with a general vision for the region still seems to have general support. As a narrative, transport planning is never completely finished. Despite the difficulties that transport planning represents in regions such as the BEATA, some avenues have been proposed in this chapter to facilitate the next steps. These avenues notably imply the elaboration of specially adapted Arctic transport indicators, the facilitation of general participation and the understanding of all stakeholders

concerned by transportation through the use of simplified tools, and the inclusion of all transport dimensions in order to make better use of the actual infrastructural capital of the Barents Transport systems.

References

ALASKA STATE GOVERNMENT (1998). Alaska statute (AS 44.42.050): State transportation plan. Retrieved March 29, 2012, from http://touchngo.com/lglcntr/akstats/Statutes/Title44/Chapter42/Section050.htm.

ALASKA STATE GOVERNMENT, Alaska Department of Transportation and Public Facilities (2008). *Alaska statewide transportation plan: Let's get moving 2030*. Retrieved November 20, 2011, from http://www.dot.state.ak.us/stwdplng/areaplans/lrtpp/SWLRTPHome.shtml.

ALASKA STATE GOVERNMENT, Alaska Department of Transportation and Public Facilities (2010). *Statewide long range transportation plan: Guiding transportation development for Alaska's future*. Retrieved March 29, 2012,. from http://www.dot.state.ak.us/stwdplng/areaplans/.

ALBION, R. G. (1965). *Forests and sea power: The timber problem of the Royal Navy, 1652–1862*. Hamden, Connecticut: Archon Books.

AMPLEMAN, L. (2009). *Planning, managing and communicating together: The "results chain" as an alternative tool for regional transport planning* (Paper prepared for the European Transport Conference held in Leeuwenhorst, 5-7 October 2009).

AIROLDI, A. (2008). *The European Union and the Arctic - policies and actions* (Report prepared for the Nordic Council of Ministers, Copenhagen 2008). Retrieved November 20, 2011, from http://www.norden.org/da/publikationer/publikationer/2008-729/at_download/publicationfile.

AIROLDI, A. (2010). *The European Union and the Arctic: Main developments July 2008–July 2010* (Report prepared for the Nordic Council of Ministers, Copenhagen 2010). Retrieved November 20, 2011, from http://www.norden.org/en/publications/publikationer/2010-763.

ARCTIC AVIATION EXPERTS CONFERENCE (2010). Fairbanks, Alaska, 12-13 October 2010. Retrieved March 29, 2012, from http://www.institutenorth.org/programs/arctic-advocacy-infrastructure/arctic-aviation-experts-conference/2010-conference.

ARCTIC HUMAN DEVELOPMENT REPORT (2004). Akureyri: Stefansson Arctic Institute. Retrieved November 20, 2011, from http://www.svs.is/AHDR/.

ARCTIC MARINE TRANSPORT WORKSHOP (2004). Organised by the Scott Polar Research Institute, Cambridge University, United Kingdom. Retrieved March 29, 2012, from http://www.institutenorth.org/programs/arctic-advocacy-infrastructure/arctic-maritime/arctic-marine-transport-workshop/.

ARCTIC ROADS (2007). Operating, maintaining and building roads in a climatically challenging environment, Sisimiut, Greenland, 3 - 5 March 2007. Retrieved March 29, 2012, from http://www.greenland-innovation.com/stuff-UK/UK-Vejkonf07-invitation.pdf.

ASSOCIATION FOR EUROPEAN TRANSPORT (n.d.). Proceedings of the European Transport Conferences held since 1996. Retrieved November 26, 2011 from http://www.aetransport.org/lc_cms/page_view.asp?id=22.

BANISTER, D., PUCHER, J. AND LEE-GOSSELIN, M. (2007). Making sustainable transport politically and publicly acceptable. In P. Rietveld & R. Stough (Eds.), *Institutions and sustainable transport: Regulatory reform in advanced economies*, pp. 17-50. Cheltenham: Edward Elgar Publishing.

BARR, W. (1985). Imperial Russia's pioneers in Arctic aviation. *Arctic* 38(3), 219-230.

BEAC (n.d.). Steering committee for the Barents Euro-Arctic Pan-European transport area (BEATA). Retrieved March 29, 2012, from http://www.beac.st/?DeptID=8573.

BLACK, W. R. (1996). Sustainable transportation: A U.S. perspective. *Journal of Transport Geography* 4(3), 151-159.

BLACK, W. R. (2004). Sustainable transport and potential mobility. *European Journal of Transport and Infrastructure Research* 2(3/4), 179-195.

BLACK, W. R. (2005). Sustainable transport: Definitions and response. In Transportation Research Board (Ed.), *Integrating sustainability into the transportation planning process* (Conference Proceedings 37 by the Committee for the Conference on Introducing Sustainability into Surface Transportation Planning, Baltimore, Maryland, July 11–13, 2004), pp. 35-43.

BLACK, W. R. (2010) *Sustainable transportation: Problems and solutions*. New York: Guilford.

BOUDES, T. (2002). Faut-il demander des contes au management stratégique ? La dimension narrative de la stratégie d'entreprise. *Actes de la 11e Conférence Internationale de l'Association Internationale de Management Stratégique, ESCP-EAP, 2002, 5-7 Juin, Paris*.

CATTAN, N. (2006). Transport. In C. Ghorra-Gobin (Ed.), *Dictionnaire des mondialisations*, pp. 380-385. Paris: Armand Colin.

CHARLTON, C. & VOWLES, T. (2008). Inter-urban and regional transport. In: R. Knowles, J. Shaw & I. Docherty (Eds.), *Transport geographies: Mobilities, flows and spaces*, pp. 120-136. Chichester: Wiley-Blackwell.

CHRISTOPHER, J. & FAST, E. (2008). *The Arctic - transportation, infrastructure and communication*. In InfoSeries. Government of Canada, Library of the Parliament. Retrieved November 20, 2011, from http://www.parl.gc.ca/Content/LOP/researchpublications/prb0808-e.htm.

CLARK, A. N (1985 [2003]). *Penguin dictionary of geography*. Third Edition. London.

COUNCIL OF THE EUROPEAN UNION (2009*). Council Conclusions on Arctic Issues* (2985th Foreign Affairs Council meeting Brussels, 8 December 2009). Retrieved November 20, 2011, from http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/111814.pdf.

DESMARAIS, G. & RITCHOT, G. (2000). *La géographie structurale*. Paris: L'Harmattan.

DRIVENES, E.-A. & JØLLE, H.D. (2006). *Into the ice: The history of Norway and the Polar Regions*. Oslo: Gyldendal Norsk Forlag.

DU CASTELLE, V. (2010). *Le grand Nord: un nouvel enjeu très courtisé - L'exemple de la mer de Barents, Norvège*. Paris: L'Harmattan.

EJDEMO, T. & SÖDERHOLM, P. (2010). Mining investment and regional development: A scenario-based assessment for Northern Sweden. *Resources Policy* 26(1), 14-21.

EUROPEAN COMMISSION (2008). *Communication from the Commission to the European Parliament and the Council - The European Union and the Arctic Region* (COM(2008) 763 final). Retrieved November 20, 2011, from http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0763:FIN:EN:PDF.

EUROPEAN COMMISSION (2009). *A sustainable future for transport: Towards an integrated, technology-led and user-friendly system*. Retrieved November 20, 2011, from http://ec.europa.eu/transport/strategies/doc/2009_future_of_transport/20090723_presentation_communication_a_sustainable_future_for_transport.pdf.

EUROPEAN COMMISSION (2011). *Roadmap to a single European transport area – Towards a competitive and resource efficient transport system* (White Paper: Brussels, 28.3.2011 COM(2011) 144 final). Retrieved November 20, 2011, from http://www.europolitique.info/pdf/gratuit_fr/291007-fr.pdf.

FINNMARK FYLKESKOMMUNE (2010). Samferdselsplan for Finnmark 2010–2013. Retrieved March 29, 2012, from http://www.ffk.no/docs/d55b1475-3af8-432c-a362-23577ec461f2.pdf.

GLOMSRØD, S. & ASLAKSEN, I. (Eds.) (2009). *The Economy of the North 2008*. Oslo: Statistics Norway. Retrieved November 20, 2011, from http://www.ssb.no/english/subjects/00/00/30/sa_economy_north/.

GOUVERNEMENT DU QUÉBEC, MINISTÈRE DES TRANSPORTS (2005). *Plan de transport du Nord-du-Québec. Analysis*. Retrieved November 20, 2011, from www.mtq.gouv.qc.ca/portal/page/portal/Librairie/Publications/en/regions/abitibi/diagnostic_nord.pdf.

GREIMAS, A. J. (1986 [1966]). *Sémantique structurale*. Paris: Presses universitaires de France.

HASTRUP, K. (2004). The nomadic landscape: People in a changing Arctic environment. *Geografisk Tidsskrift-Danish Journal of Geography* 109(2), 181–189.

HEININEN, L. (2004). Circumpolar international relations and geopolitics. In *Arctic Human Development Report*, pp. 207–225. Akureyri: Stefansson Arctic Institute. Retrieved November 20, 2011, from http://www.svs.is/AHDR/.

HEININEN, L. (2007). Barents Sea energy resources and regional cooperation: New challenges and opportunities. In G. Austin & M.-A. Schellekens-Gaiffe (Eds.), *Energy and conflict prevention. Anna Lindh programme on conflict prevention*, pp. 90–104. Madariaga European Foundation. Södertälje: GIDLUNDS.

HOFFMANN, T. & BENTZEN, K. (2006). *Analysis of current transport practice and policy for business activities in remote areas.* FDT - Association of Danish Transport Centres. Retrieved November 20, 2011, from http://www.spatial.baltic.net/_files/Analyses_bt.pdf.

ICELAND, MINISTRY OF THE INTERIOR OF ICELAND (2011). *Samgönguáætlun 2011-2022*. Retrieved March 29, 2012, from http://www.innanrikisraduneyti.is/media/frettir-2011/SGA-2011-2022-Drog-ad-tillogu-fylgiskjal-umhvmats.pdf.

KAHN RIBEIRO, S., KOBAYASHI, S., BEUTHE, M. GASCA, J., GREENE, D., LEE, D.S., MUROMACHI, Y., NEWTON, P.J., PLOTKIN, S., SPERLING, D., WIT, R. & ZHOU, P.J. (2007). Transport and its infrastructure. In B. Metz, O.R. Davidson, P.R. Bosch, R. Dave, & L.A. Meyer (Eds.), *Climate change 2007: Mitigation*. Contribution of working group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, pp. 323-385. Cambridge: Cambridge University Press.

KNOWLES, R., SHAW, J. & DOCHERTY, I. (2008). Introducing transport geographies. In R. Knowles, J. Shaw, & I. Docherty (Eds.), *Transport geographies: Mobilities, flows and spaces*, pp. 3-9. Chichester: Wiley-Blackwell.

LABÉVIÈRE, R. & THUAL, F. (2008). *La bataille du Grand Nord a commencé…* Paris: Librairie Académique Perrin.

LASSERRE, F. (2001). Le passage du Nord-Ouest: une route maritime en devenir*? La revue internationale et stratégique* 42, 143-160.

LASSERRE, F. (Ed.) (2010). *Passages et mers arctiques.* Québec: Presse de l'Université Laval.

LAY, M. G. (1992). *Ways of the world: A history of the world's roads and of the vehicles that used them*. New Brunswick, N.J.: Rutgers University Press.

LITMAN, T. (2006). *Planning principles and practices,* Victoria Transport Policy Institute. Retrieved November 20, 2011, from www.vtpi.org/planning.pdf.

LITMAN, T. (2007). *Well measured: Developing indicators for comprehensive and sustainable transport planning,* Victoria Transport Policy Institute. Retrieved November 20, 2011, from www.vtpi.org/wellmeas.pdf.

LITMAN, T. (2008). *Sustainable transportation indicators: A recommended research program for developing sustainable transportation indicators and data*. Retrieved November 20, 2011, from http://www.vtpi.org/sustain/sti.pdf.

LITMAN, T. (2009). *Sustainable transportation indicator data quality and availability* (Paper submitted for presentation at the 2010 Transportation Research Board Annual Meeting held in Washington, D.C., on January 10–14, 2010). Retrieved November 20, 2011, from http://www.vtpi.org/sustain/TRB_2010_STI_Data.pdf .

LITMAN, T. (2011). *Sustainability and livability: Summary of definitions, goals, objectives and performance indicators* (Written in cooperation with the Transportation Research Board Sustainable Transportation Indicators Subcommittee ADD40 [1]). Retrieved November 20, 2011, from http://www.vtpi.org/sus_liv.pdf.

LITMAN, T. & BURWELL, D. (2006). Issues in sustainable transportation. *International Journal of Global Environmental Issues* 6(4), 331–347.

MACLAREN, I.S. (1994). From exploration to publication: The evolution of a 19th century Arctic narrative. *Arctic* 47(1), 43–53.

MASSACHUSETTS INSTITUTE OF TECHNOLOGY AND CHARLES RIVER ASSOCIATES, INC. (2001). *Mobility 2001: World mobility at the end of the twentieth century and its sustainability* (Document prepared for the Sustainable Mobility Working Group of the World Business Council for Sustainable Development). Retrieved November 20, 2011, from http://www.wbcsd.org/web/projects/mobility/english_full_report.pdf.

NERDAL, S. (2011). A Barents transport strategy progress proposal for the Barents Regional Committee. Retrieved March 29, 2012, from http://www.barentsinfo.fi/beac/docs/Presentation_Nerdal_Tromso_presented_at_RegCom_Tromso_26_January_2011.pdf.

NELSON, S.B. (1993). Airships in the Arctic. *Arctic* 46(3), 278–283.

NORTHERN DEVELOPMENT MINISTERS FORUM (2006). *Initiatives to maximize economic and social impacts from major projects in the North. Activities report 2005-2006 and recommendations*. Retrieved November 20, 2011, from http://www.focusnorth.ca/documents/english/library/other/initiatives_to_maximize_economic_and_social_impacts_recommendations.pdf.

NORTHWEST TERRITORIES (1999). Highway strategy. Retrieved March 29, 2012, from http://www.dot.gov.nt.ca/_live/documents/content/Highway%20Strategy%20-%20Summary%20Report.pdf.

NORTHWEST TERRITORIES (2005a). Connecting Canada coast to coast: A proposal to complete the Mackenzie Valley highway to the Arctic. Retrieved March 29, 2012, from http://www.dot.gov.nt.ca/_live/documents/content/Connecting%20Canada.pdf.

NORTHWEST TERRITORIES (2005b). Corridors for Canada II: Building on our success: A proposal for strategic infrastructure. Retrieved March 29, 2012, from http://www.dot.gov.nt.ca/_live/documents/content/Corridors%20for%20Canada%20II%20-%20Building%20on%20our%20Success.pdf.

NORTHWEST TERRITORIES, MINISTRY OF TRANS-PORTATION; NUNAVUT, MINISTRY OF ECONOMIC DEVELOPMENT AND TRANSPORTATION; & YUKON, MINISTRY OF HIGHWAYS AND PUBLIC WORKS (2008). *Northern connections: Multi-modal transportation blueprint for the North. A pan-territorial perspective on the transportation needs of Northern Canada*. Retrieved November 20, 2011, from http://www.hpw.gov.yk.ca/pdf/northernconnections.pdf.

NUNAVUT, DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRANSPORTATION (2009). *Nunavut transport strategy - Let's get moving.* Retrieved March 29, 2012, from http://www.edt.gov.nu.ca/apps/UPLOADS/fck/file/trans_eng.pdf.

OWENS, S. (1995). From predict and provide to predict and prevent: Pricing and planning in transport policy. *Transport Policy* 2, 43-49.

QUILLERÉ-MAJZOUB, F. (2007). À qui appartiennent les icebergs. *Revue québécoise de droit international* 20(1), 199-226.

RODRIQUE, J.P., COMTOIS, C. & SLACK, B. (2006) *The geography of transport systems*. New York: Routledge.

ROWLAND, H. (2010). *On thin ice: Breakdowns, whiteouts, and survival on the world's deadliest roads.* New York: Hyperion.

ROYAL TOWN PLANNING INSTITUTE (2003). *Gender equality and plan making: The gender mainstreaming toolkit*. Retrieved November 20, 2011, from http://www.rtpi.org.uk/download/765/Gender-Equality-and-Plan-Making-Mainstreaming-Toolkit.pdf. Electronic Sources.

SCHIPPER, L. (1996). *Sustainable transport: What it is, whether it is* (Paper presented at the conference Towards Sustainable Transportation organized by the Organisation for Economic Co-operation and Development Conference in Vancouver, British Columbia, Canada, 24-27 March 1996).

SEARLE, J. R. (1976). A classification of illocutionary acts. *Language in Society* 5(1), 1–23.

SHAW, J., KNOWLES, R. & DOCHERTY, I. (2008). Transport governance and ownership. In R. Knowles, J. Shaw, & I. Docherty (Eds.), *Transport geographies: Mobilities, flows and spaces*, pp. 62-80. Chichester: Wiley-Blackwell.

SHELLER, M. & URRY, J. (2006). The new mobilities paradigm. *Environment and Planning* 38, 207-226.

SHLIKHTER, S. B. (1998). *The North Sea Route as an international transport* (Paper prepared for the European Transport Conference 1998). Retrieved November 26, 2011, from http://www.aetransport.org/lc_cms/page_view.asp?id=22.

SPIEKERMANN, K. & WEGENER, M. (2006). Accessibility and spatial development in Europe. *Scienze Regionali* 5(2), 15-46.

STAMMLER, F.M. (2009). Mobile phone revolution in the tundra? Technological change among Russian reindeer nomads. *Electronic Journal of Folklore* 41, 48-78. Retrieved November 20, 2011, from http://www.folklore.ee/folklore/vol41/stammler.pdf.

STEWART, E.J., DRAPER, D. & JOHNSTON M.E. (2004). A review of tourism research in the Polar Regions. *Arctic* 58(4), 383-394.

SUSTAINABLE TRANSPORT IN THE BARENTS REGION (2008). Retrieved March 29, 2012, from http://www.barentsinfo.fi/stbr/.

SUSTRANS (2011). *Making sustainable transport easier for rural communities*. Retrieved November 20, 2011, from www.sustrans.org.uk/assets/files/Wales Policy Docs/Rural Transport Report.pdf.

TRANSPORTATION RESEARCH BOARD (2005). *Integrating sustainability into the transportation planning process* (Conference Proceedings 37, by the Committee for the Conference on Introducing Sustainability into Surface Transportation Planning, Baltimore, Maryland, July 11–13, 2004).

TRANSPORTATION RESEARCH BOARD (2008). *Annual meeting on sustainable transportation indicators* (A Recommended Research Program for Developing Sustainable Transportation Indicators and Data, 10 November 2008, by the Sustainable Transportation Indicators Subcommittee of the **TRANSPORTATION RESEARCH BOARD**, ADD40 [1]). Retrieved November 20, 2011, from http://ww2.vtpi.org/sustain/sti.pdf.

UNITED STATES FEDERAL HIGHWAY ADMINISTRATION, Department of Transportation (2007). Title 23 CFR 450.214. Development and content of the long-range statewide transportation plan. Retrieved March 29, 2012, from ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&rgn=div5&view=text&node=23:1.0.1.5.11&idno=23#23:1.0.1.5.11.3.1.12.

UN-WCED (1987). *Our common future. World commission on environment and development*. Oxford: University Press.

VAN HORNE INSTITUTE (2011). Northern Transportation Conference. Retrieved March 29, 2012, from http://www.vanhorne.info/research-publications/northern-transportation-conference-2011.

VELUWENKAMP, J.W. (1995). The Murman coast and the Northern Dvina Delta as English and Dutch commercial destinations in the 16th and 17th Centuries. *Arctic* 48(3), 257–266.

VIGAR, G. (2002). *The politics of mobility: Transport, the environment and public policy*. London: Spon.

VIGAR, G. (2010). *Transport governance for sustainable cities: Practices, processes andcCultures* (Paper prepared for the Malaysian Institute of Planners: International Urban Transport Conference, A Platform for Change, Sarawak, Malaysia).

VORONKOV, L.S. (2009). *Geopolitical dimensions of transport and logistics development in the Barents Euro-Arctic Transport Area (BEATA)* (Presented by the author at the international conference Development of the judicial normative base in the field of transport in the region of the Barents Euro-Arctic Transport Area (BEATA), October 7, 2009 in Moscow).

WHITE, P. (2011). *Equitable access: Remote and rural communities 'transport needs'* (Discussion paper prepared for the 2011 International Transport Forum, on 25-27 May in Leipzig, Germany, on Transport for Society). Retrieved November 20, 2011, from http://www.internationaltransportforum.org/jtrc/DiscussionPapers/DP201119.pdf.

CHAPTER 9

Maria Tysiachniouk

FOSTERING SUSTAINABILITY THROUGH THE SUPPLY CHAIN: SOFT LAWS AND TRUST MARKERS AS DRIVERS OF SOCIAL CHANGE IN RUSSIAN COMMUNITIES

Introduction

It has become more and more common, with the development of international trade and the globalization of manufacturing processes, to transfer the production of various goods from economically developed countries to countries with developing economies. In the latter local resources and low-cost labor are put to use, and the laws touching on questions of organized labor, human rights and ecology are, as a rule, far less demanding than those in economically developed nations. Producers and consumers of a product are spread across the entire world and are often, strictly speaking, geographically distant from one another. One of the results of these processes has been the development of social movements that defend the social rights and ecology of developing countries. During the 1980s and 1990s, in connection with social movements and consumer boycotts against the use of sweat-shops and child labor in production facilities of the developing world — as well as against the use of pesticides and the cutting down of valuable Amazonian forests — an interest in the processes of production in far-off countries developed amongst consumers (O'Rourke 2005, 16; Conroy 2007, 47-50; Tysiachniouk 2010). In part, consumers became interested in just how socially and ecologically responsible the producers of the goods they used were.

Over the last two decades responsible purchases have become a method of joining one's voice to demands made on producers of goods in developing countries and in countries with transitional economies to abide by a sense of social justice and ecological responsibility. In other words, purchases have become a way to affect practices in countries where the laws are weak, the social protections enjoyed by the population are low, and ecological questions are not treated as a priority by the majority of society (Tysiachniouk 2010).

Society's concern and the growth of social movements incrementally prompted transnational corporations to verify their own supply chains. Over

time, beginning in the early 2000s, producing corporations began to use monitoring practices in relation to their contractual chains and similar elements of their businesses — which could prove the corporation's social and ecological responsibility — all in order to induce trust amongst consumers. In connection with the lack of trust in production in countries with transitional economies, moreover, special institutes and certification systems have begun to develop, the goals of which include the provision of trust for various products produced in these countries.

A great deal of sociological research has been conducted on the idea of trust in market conditions. Studies have been done on market systems, companies, sellers, monetary units and other similar market elements (Helman 2004, 86). Economic sociology, moreover, pays a great deal of attention to trust within a company and its subsidiaries in regards to production processes and in relations with partners (Kapustkina 2004, 89–92). The innovative approach of the present study, however, comes to light in its use of the chain of custody as a basic unit of analysis — and in its consideration of the role of various links in this chain in the provision of consumer trust in production processes. Under the general heading "supply chain" are understood to fall all the levels of processing through which a product passes from its producer to its final consumers. Such chains of custody are at times very lengthy, and the main difficulty in demonstrating their transparency and legitimacy tends to be the geographical disassociation between a product's makers and its end consumers. A supply chain is a complicated system of business relations and a continuously redeveloping mechanism that brings together into a single process a large number of composite parts: materials, components and levels of production that may take place in several different countries. Moreover, monitoring such a chain of custody is extremely difficult. Although monitoring has become easier at present due to various types of certification that are used as tools for the formation of trust in the production process (and in the chain of custody itself), the goal has yet to be fully realized, insofar as generally not all of the processes within the links in the chain are covered by certification. Another complication in monitoring is the vulnerability of the supply chain mechanism, in light of its dependence on the market, the laws of the countries in which it is located, the relevant tax and import regulations, and the economic stability and particularities of these countries. Depending on how these influential factors and conditions change, the chain may reform. The reformation of a supply chain requires the forma-

tion of new partner relationships and mechanisms aimed at guaranteeing trust, as well as other important elements that make up a successful business.

This chapter considers the chain of custody in the timber industry, where logging occurs in Russia and the final consumers of the products of timber production (paper and cardboard) are located in the countries of Europe and in the USA. The timber industry, as problematic as it is considered to be in terms of ecology and social rights, was one of the first to develop guarantees for its products. Beginning in the 1990s with the development of a system of forestry certification, first of all on the part of the Forest Stewardship Council (FSC) and the Program for the Endorsement of Forest Certification (PEFC), the goal of proving the transparency of timber production and the sustainability of forestry management became notably easier. In Russia FSC certification has developed much faster than PEFC, as a result of which, at the time of this writing, an absolute majority of those who have received certification belong to FSC and only one enterprise in the whole country has been certified by both PEFC and the FSC. The FSC certification boom began in the 2000s. In the majority of cases certification is a relatively long process, and the necessity arises amongst corporations that have set out on the path of certification and socially and ecologically responsible business to use other guarantees of their responsibility while waiting for certification. This last has particular relevance for Russia, because in the years of *Perestroika* a foreign societal view of Russia as a country with a high level of corruption and one presenting notable risks for business was formed under the influence of the Western press. In those years — and not without a certain basis — it was considered that the timber industry in Russia was controlled by a "Forest Mafia," that the majority of logging occurred illegally, and that the existent laws, due to continuous reformation, had little, if any, influence insofar as innovations in the country's legal structure — which quickly replaced one another — were unable to make it to practical implementation. Despite the risky nature of business in such conditions, Russia remained the object of constant interest from transnational forestry corporations, insofar as 22% of the world's forest reserves are located in Russia. In the 1990s, particular interest in Russian forests on the part of foreign corporations was driven by low-cost labor, which made the use of Russian timber resources even more profitable. Nonetheless, given the image of Russia that had formed in foreign social circles, transnational corporations working in Russia found it necessary to pay a great deal of attention to the development of their own

social and ecological responsibility in order not to lose their market share in the ecologically and socially sensitive markets of the West.

I have chosen the chain of custody of the transnational corporation Stora Enso for study. This company was one of the first corporations that began to sell its products in Russia even during the socialist period. In the 1990s Stora Enso began to widen its business in Russia, and one of the important factors that drove success in this endeavor was the company's ability to prove the legality of the origins of Russian timber: in other words, the provision of transparency in the chain of custody and the social and ecological responsibility of logging companies.

Insofar as Stora Enso works with a great number of timber providers, it was faced with the particularly difficult question of verifying and proving the legitimacy of timber arriving at its facilities. The current article will consider how Stora Enso attempted to solve the problem of trust by founding a transparency model and a reliable timber supply chain. The main guarantee of trust chosen by the concern was FSC certification, but along with this choice Stora Enso also used other mechanisms to follow up on the legality of timber that was delivered from uncertified providers.

The aim of my research was to analyze how trust is formed in relation to the system of a supply chain in different links in this chain, what level of importance can be assigned to forest certification, and other aspects of trust in overall system design that create trust. ,I am interested in how trust markers are created in the contractual chain especially in conditions where it is impossible to rely upon the existence of FSC certification (that is, in its absence) and yet when tools are needed to prove the transparency and sustainability of forest usage, as well as for the verification of elements of production that are not covered by certification (for example, freedom from corruption). The article focuses on how each link in the supply chain builds trust and how these links have an affect on the final consumer's sense of trust in a product at various intermediary levels: in the local society, in the company's offices in Russia, and in its international offices in Finland and Sweden. Attention is paid to the relationship between institutional and interpersonal trust in various links in the supply chain, as well as to what final consumers from far-off countries have said, when coming face to face with individuals from the first, production-level link in the chain, about how their trust in the overall chain was formed.

Research methods

Qualitative methods were used in this research — in particular, the methods of case-study and semi structured interviews with representatives of the main links in the supply chain. The choice of the case was based on the consideration of a chain of custody that would lead from Russian logging companies to consumers in various countries. Although one Russian project, Tikhvin-Chalna, was selected as the basis for research, my research interest includes general approaches to the design of guarantees of trust in the supply chain of a transnational corporation such as Stora Enso. The research can, therefore, provide a conditional and formative framework for broader research.

I have used both primary and secondary sources in my analysis. Among the primary sources are 15 interviews with representatives of various links in the supply chain. Project reports, presentations and documents were also used as primary sources. Secondary and additional sources used in the research include 28 interviews with stakeholders and representatives of Stora Enso, all of which were conducted earlier (between 2002 and 2008) in the course of other projects.

Of the fifteen interviews related to the case, four were conducted in 2008 and 2009 with final consumers, one was held with a consultant and project designer in Holland, five were set up with managers of middle links in Stora Enso's chain — one in Stockholm, two in Imatra and two in St. Petersburg — and five were conducted with managers of the production link in Tikhvin. Three different guides for interviews were set up: one for conversations with final consumers in the USA, Germany, Great Britain and Sweden; one for managers of middle links of Stora Enso's chain; and one for representatives of logging companies. The guide for final consumers (publishing houses and producers of cardboard packages) included questions intended to clarify their motives for monitoring supply chains. In the course of the interviews I strove to shed light on what risks consumers undergo in connection with purchases made from Russia, how they may develop necessary and sufficient mechanisms for the provision of trust in their supply chains and how this is reflected in their purchasing politics. I was also interested in the consumers' views of the supply chain of logging enterprises in Russia, what their motivation and experience of participation in the current project had been and their opinions concerning the basic results of the project. In the guide for managers of middle links, attention

was focused on the explanations of mechanisms the managers used to build trust. In part, I was interested in their political sense of certification and the procedures taken in relation to providers. Various issues were chosen for study in these interviews: how managers of middle links are able to achieve recognition of the legitimacy of a company's actions among stakeholders, including transnational purchasers and loggers. I was further interested in what concrete actions these managers were led to take in order to provide transparency in the supply chain, what difficulties they encountered while working with final consumers and the Russian production link, and what mechanisms that provide for trust are demanded by such actors. It became clear in conversations with representatives of logging companies what practices they found it necessary to change in the course of a project's realization, what difficulties they ran into, what provided the project with its ultimate result, who – from the company's point of view – is considered to be the final consumer, and how these companies form trust in their partners and in themselves. In interviews with all three groups, questions were formulated in such a way as to indirectly provoke a conversation about trust (or lack of trust), and only in the final section of the interview were direct questions asked about trust. As an additional method I used informal research-related conversations (face-to-face and by email) with experts who had been attracted to the project and who participated in the consideration of its reports.

The project was finished — along with the closing of the company Russian Forest/Russkii Les — towards the beginning of 2008. The research that was done for this case has historical and phenomenological value insofar as it presents an analysis of the path taken to build trust at a certain moment of economic development in Russia when the growing market economy still carried within itself the remains of earlier Soviet- and post-Perestroika-era relations.

Theoretical approaches

In this study analysis is built on the approaches of the classics of trust theory by N. Luhman and A. Giddens and their followers, as well as on work that to a high degree focuses on the peculiarities of trust in countries with transitional economies. According to Luhman, trust occurs in connection with the fact that it allows for the solving of problems of uncertainty and complications

within the surrounding society by founding certain expectations in relation to organizations, institutions, people and systems (Luhman 1979, 8). In the case of uncertainty, a characteristic of the majority of modern societies, trust allows individuals to overcome certain risks (Luhman 2000, 100). According to Luhman's theoretical work, the more uncertain a societal system is, the more important trust becomes (Meyer et al. 2008, 181). Trust acquires particular importance in societies with continuously reforming political systems and economic turbulence, because in such societies it becomes impossible to predict the future using the example of the past, in contrast to traditional societies, where most matters are based on repetitiousness and cyclicality (Zvonovskii 2008, 107).

The most important aspect of Giddens's approach for my research was the fact that he considers trust in systems, referring to it as institutional trust in symbolic signs and expert systems, all of which allow for an abstraction from concrete contexts — traditions, cultures, and economies (Giddens 1990, 80). Such systems are based on the belief of a modern and complex society in science and rational explanations. People delegate a great deal of authority to experts who evaluate and certify what is worth — or not worth — trusting. Giddens pays attention to the fact that along with globalization there are bigger risks, and it becomes necessary to take action in relation to changes in accordance with new risks. Researchers refer to this process as "reflexive modernization" (Giddens 1994). Giddens' understanding of trust co-aligns with Ulrich Bek's conception of societal risk. The necessity of meeting growing risks in society creates a need for expert systems, which lower risks, explaining and analyzing processes and events. These expert systems, according to Giddens' theory, cut across all aspects of social life in modern conditions (Giddens 1994, 212). That is, for Giddens trust is directly connected with the conception of risk and possible ways of overcoming this risk. The risk stimulates trust to the extent that trust in expert systems gives birth to partial understanding, which, however, never manages to be complete; because of this, it remains trust and does not become a sense of certainty (Gambetta 1988; Alekseyeva 2008, 86-87). No matter how many experts provide a variety of different evaluations of one and the same phenomenon, they cannot provide full and complete understanding, but they can create a sense of trust.

With the growth of uncertainty in the modern global society there comes a need for entire institutes focused on the creation and guarantee of, as well as support for, trust (Levi 1998; Misztal 1996; Shapiro 1987, 644). Independent

trust brokers of one sort or another appear, a category to which insurance companies, independent auditors and auditors of auditors can be added. All of these are systems that form guarantees of trust. However, as was noted above, trust systems are never able to guarantee certainty in their own uninterrupted work, and as such the foundation of trust guarantees turns into an eternal process, one in which the systems of control only multiply (Shapiro 1987).

In a market economy there are two sides of the coin in connection with trust in, and the effectiveness of, a business. On the one hand, economic actors — companies — create mechanisms of trust in a system (procedures, ecological and social politics, additional standards, internal regulations, ethical codices, audits by third parties, fines for transgressions, etc.). All of these mechanisms work towards an increase in trust and a decrease in uncertainty (Shapiro 1987, 635-639), leading to lower transaction costs (Veselov 2004, 27). On the other hand, since these mechanisms demand significant expenditures and time to be implemented, their application and management may lower the overall effectiveness of a business and its competitiveness. With this in mind companies attempt to find a balance between these processes and do everything they can, on the one hand, to create trust in their production and their product, and, on the other hand, to make sure their efforts do not lead to a negative economic effect.

In this article I am operating with understandings of legitimacy and trust taken as both similarities and differences. Legitimacy relies on an understanding of a thought-out social action that, in its own way, is based on the idea that society, in the process of divvying up various roles to its members, willingly recognizes the right of a given actor to take certain actions. This is in contrast to the powers that be, which, in turn, require cooperation, even sometimes against the will of particular individuals (Parsons 1947). The social roots of legitimacy can be extremely varied, including traditions, reasoning, and emotional certainty. In the sphere of organizational sociology, an understanding of the legitimacy of organizations has been applied in relation to the new phenomenon of non-governmental regulation. In this manner nongovernmental organizations are vested with the right to regulate a particular area and become, in that sense, legitimate agents of the institutions of change (Cashore 2002, 212; McDermott 2003, 32). Trust, in contrast to legitimacy, is more applicable to exchange relationships, whether symbolic or material. However, like legitimacy, trust suggests dynamic and mutually-dependent relations in which various partners — those involved and interested in various relationships — negotiate

the parameters of their mutual interactions. In the course of such negotiations a general understanding of some process or idea is developed amongst the parties. If legitimacy can be considered more of a one-directional process of rights allocation, then trust presents itself as something more of an interactive process where all interested parties are vulnerable and therefore strive for cooperation.

In economic sociology no less attention is paid to person-specific interpersonal trust between partners than to institutional trust. According to F. Fukuyama, interpersonal trust allows individuals with similar values, orientations and ethical principles to come together in relations of partnership and cooperation (Fukuyama 1995). In this manner trust can be seen as a hope that partners will act in a predictable manner, insofar as their actions are based on general norms and values shared by all those involved. Personal trust in business or in other areas, connecting people to groups, creates social networks that increase available resources and develop opportunities for the multiplication of these resources. That is, trust opens a path to new and additional sources of information, expertise and power (Radaev 2003, 36). It is worth noting that trust can sometimes be forced, if an actor is led to act in conditions where his/her intentions are unclear. However, no matter what form trust may take, it is always a catalyst of economic development. That is why many sociologists view it as part of social capital.

There is no definite boundary between these two types of trust — institutional and interpersonal — insofar as one cannot exist without the other. Person-specific relations between individuals give birth to interpersonal trust. Impersonal relations imply a belief in symbolic markings and expertise systems — that is, trust in systems. When uncertainty exists and there arises a need for trust, impersonal relations are solidified by interpersonal ones. Yet the opposite is true as well: when trust has been formed in a system as a whole, a sense of trust in this system's representatives also develops (Samantha et al. 2008, 178; Fukuyama 1995). This trust can be, for example, in a company's managers — those who are interested in strategic cooperation (Hardin 2002). It is worth noting that trust in impersonal systems occurs only to the event that the systems are reliant on certain general ideas and values that are shared by all interested parties. It is these general understandings and values that, shared by all, lend strength to a system's procedures, standards and expertise.

To some degree, particularities in the formation of interpersonal trust depend on the political system Levi 1998, 82-86; Veselov 2004, 17), which allows

the definition of societies with higher or lower levels of trust (Fukuyama 1995). Sociologists note, for example, that in Soviet society person-specific trust was built up not only amongst family and friends, but was also spread across the production sphere and in work collectives to a higher degree than in Western societies (Kortelainen and Nystén-Haarala 2009, 151). This has been explained by the institutional trust in a government that displayed its paternalistic qualities in the form of social protections and provisions, given which it was possible to consider a work collective as a family (Zvonovskii 2008, 105).

In the reform conditions of the 1990s, when previous social institutions had fallen apart but new ones had yet to be formed — and institutional turbulence undermined earlier trust patterns — personal contacts formed on personal trust and in social networks became, to a large degree, the basis for business activity. At that point an interesting phenomenon, referred to by sociologists as "the sacralization of theft", blossomed: while theft from a business enterprise or the government was not considered as a crime but rather as restoration of justice, stealing amongst citizens was — as before — considered criminal (Zvonovskii 2008, 106). In the case that I have studied, the post-Soviet context is reflected in the way in which Russian actualities and work with Russian contractors, their structural subdivisions and Finnish partners are perceived — as well as how this perception influences trust constructs.

Trust markers in the chain of custody

Corporate ethical codices, socio-ecological political stances and — what is more important for my research — certification systems aimed at stricter third-party verification of the level of a corporation's socio-ecological responsibility and the legality and openness of its activities can all be thought of as trust markers. Such institutions assist buyers in becoming oriented in uncertain situations in relation to the products they purchase. These institutions ultimately help buyers make a choice between products that may be delivered from all over the world and give preference to one product while not trusting others.

Although certification systems do act as trust guarantors, they came about due to a lack of trust on the part of civil society and nongovernmental organizations both in government systems of forestry regulation and in the logging industry as a whole. Standards of forestry certification were created as a new

regulatory mechanism, one based on values shared by all interested parties and taking into consideration the social and ecological components of forest utilization (McDermott 2003, 53).

The logo of any certification system acts as a trust marker behind which certain semantic connotations are hidden — and each of the existing certification systems has its own trust "audience". Thus the logo of FSC forest certification provides information about how the system is supported by NGOs, that is — vested with legitimacy. Moreover, this logo provides a sense that third-party verification has been conducted, and that the system follows strict social and ecological standards. The PEFC system sends a semantic signal about how the certification system in question is an accredited national standard upheld by the government and supported by private business. The level of trust on the part of NGOs in the latter certification system is, to a notable degree, defined by the amount of trust in government regulation systems in various countries.

Forestry certification and similar verification systems and procedures in the chain of custody are, in practice, based fully on trust, insofar as no matter how these systems were checked by third parties, it would be impossible to be certain that they did not fail in some situations. As such, in conditions where production and product use are geographically dislocated (that is, spread across the entire world), it is impossible to guarantee a sense of absolute certainty, yet systems that make the formation of trust possible are essential. In view of this necessity, end consumers are left to trust the systems that provide verification, and companies use verification, accordingly, as an additional market advantage. Trust in a system, for its part, depends on the context in which a system operates. If there is trust in a larger system (for example, a political system), then trust in smaller systems that function within the larger system also becomes more likely. In other words, interaction and mutual connections between systems also influence trust. For example, lumber arriving from economically unstable Russia causes a great deal more concern than lumber that arrives from Finland, where the economy is stable and ecological standards are quite high. In addition, the design of a symbolic system is also important, as this is what provides for the system's reliability and the possibility of control over the fulfillment of what is declared. Different types of systems that guarantee impersonal trust are also, in this way, bound to provide for the possibility of social control over production processes (Shapiro 1987, 643). At the same time many functions, including those related to control, are often delegated to experts.

In the current case I have considered a complicated chain of custody, one in which the end user receives paper produced from lumber produced not only in Russia, but in other countries as well. As a result, varying trust markers are used in relation to the production processes involved — in part, various systems of forest certification, the most reputed of which are FSC and PEFC. Independent third-party verification of accordance with a company's standards is included in the design of both certification systems, with a particular emphasis on the use of accredited expert firms. Nonetheless the FSC forestry certification system has prevailed among both market players and researchers, eliciting a greater amount of trust amongst interested parties. FSC certificates are more likely to guarantee that a company satisfies its own corporate and social responsibilities in the eyes of its products' end users in "sensitive" markets — all of which is a basis for trust in the FSC logo. The PEFC system, setting aside significant attention to proving the legality of lumber origins, concentrates to a lower degree on social and ecological questions. This system, moreover, based as it is on the national standards of each competing country, has a tendency to operate differently in different countries, and its overall effectiveness can depend on a country's national standards (Cashore et al. 2004). In both systems there exists, in addition to certification of the chain of custody, forest management certification. Forest management certification evaluates logging practices much in the way that chain of custody certification bears witness to the legality of timber as it passes along a variety of production and transport processes. In the FSC system, in contrast to the PEFC, stress is placed on the democratic nature of forest management processes. Moreover, in FSC a company's interactions with interested outside players, including local communities, is also evaluated. Finally, the FSC system generates a greater amount of trust thanks to the fact that it is supported by NGOs.

In the FSC system there are two different types of chain of custody certificates, named "pure FSC" and "mixed FSC". In the pure FSC chain all the timber is from certified territory. In the mixed FSC chain timber is not delivered only from certified territory; it may also arrive from uncertified locations, although at the same time all contractors undergo, in one form or another, some verification of the legality of their timber production.

The FSC system has spread widely throughout the Russian timber industry. In the current research project, timber delivered from Russia was in the process of FSC certification, but had yet to receive the relevant certificate. Systems of

forestry certification that authenticate the legality of timber from the very first link in the chain (standing timber) to the final link (end consumer) are concentrated on various aspects of production and do not always cover all elements of the relevant business conduct. As a result, one of the goals of this project was the verification of freedom from corruption — something that certification fails, in fact, to cover. In order to check the level of freedom from corruption in the chain of custody in the project, the NGO Transparency International was brought in as an expert consultant, as were a group of local experts; over the course of their activities related to the project Transparency International used their own in-house principles of defining freedom from corruption.[46] It is worth noting that these principles cannot be considered as an absolutely exact standard, which made it more difficult for the experts to determine the mechanisms of trust exactly.

Brief case description

This chapter includes a study of Stora Enso's Tikhvin-Chalna project, the chain of custody of which included, at one end, companies involved in logging on behalf of Stora Enso in forests around Tikhvin and Chalna (the Tikhvin Integrated Logging Enterprise and Russian Forest in Tikhvin and Shuyales in Chalna, Karelian Republic). At the other end of the chain of custody leading international newspaper, magazine and book publishers were to be found, as well as producers of cardboard packaging: the publishing house Axel Springer in Germany, Random House in the United Kingdom, Time, Inc. in the USA, and TNK Tetra Pak headquartered in Sweden. Stora Enso developed a model of transparency for its chain of custody in order to form a system of timber verification at all levels of its passage to the end consumer. The project was interesting in that over the course of its realization, end consumers from a variety of countries, all of whom had an interest in the monitoring of the supply chain, were able to become personally acquainted with Russian production links in the chain of custody. (See Map 9.1)

The Tikhvin-Chalna project was realized between 2004 and 2006, and was initiated by an end consumer — the publishing house Axel Springer — which suggested conducting such a project to Stora Enso concerning its chain of custody. Contract partners included the buyers listed above from the USA, Ger-

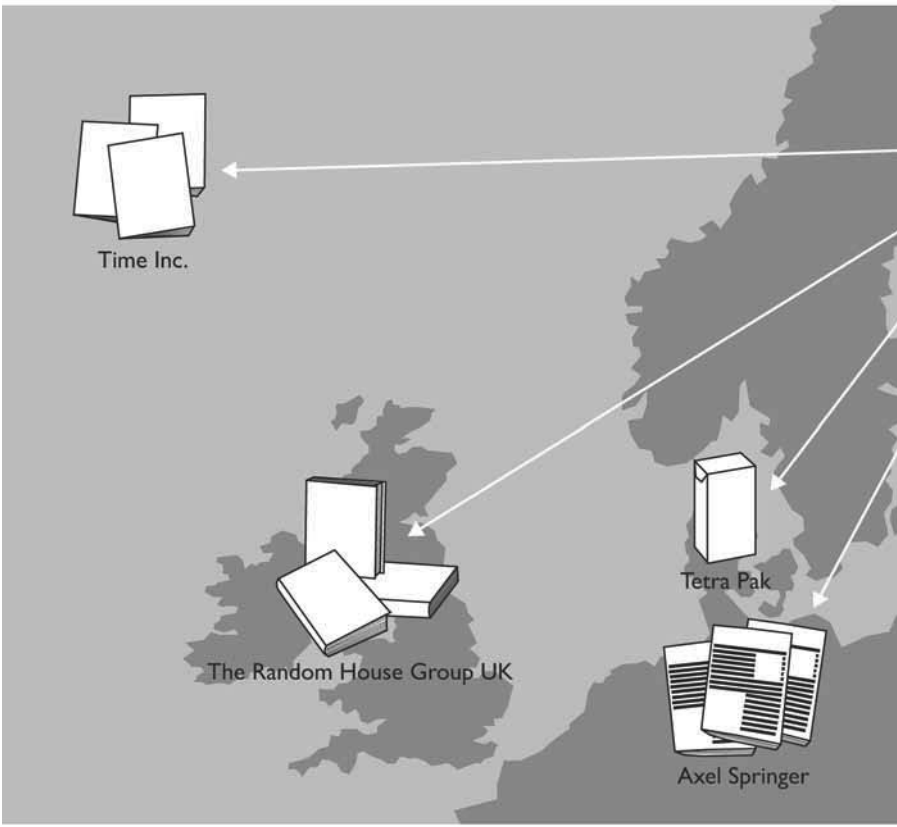
46 Transparency International Principles for Countering Bribery 2002.

many, the United Kingdom and Sweden, as well as logging companies. Work was also conducted within the project's framework with Stora Enso's timber providers — that is, those that are not part of the latter's structural divisions. From the beginning, it was not intended for Stora Enso's structural divisions to be included in the project; however, Tikhvin Integrated Logging Enterprise, which took part in the initial stages of the project as one of Stora Enso's suppliers, was bought by another transnational corporation, UPM Kymmene. As such, the company Russian Forest was brought into the project after it was purchased — and therefore became part of the structural division of Stora Enso — in 2004.

The project was aimed at providing transparency mechanisms in the chain of custody in Russia that would guarantee continuous communication between the links in the chain. Over the course of the project various events were held in order to develop internal practices and ways of providing for this sort of transparency. Parallel to the project, a process of forest management certification in accordance with the FSC schema was put in place in Russian Forest and other structural divisions of Stora Enso. In the project, particular attention was paid to the tracking of timber along the entirety of the chain of custody, which made the certification of the chain of custody easier. At the same time Stora Enso and its divisions worked out their own policies in relation to suppliers and conducted training and audits.

The object of the project was broadly conceived, and discussions were also held about sustainable forest management in general. During the project's realization, however, attention was focused primarily on the tracking of the timber's legal origin. Of various logging practices, particular attention was paid only to measures that had been taken concerning the provision of workers' safety and that had led to a reduction in the number of accidents amongst timber producers. All other forestry management questions, however, were left to be decided within the framework of preparation for forest certification.

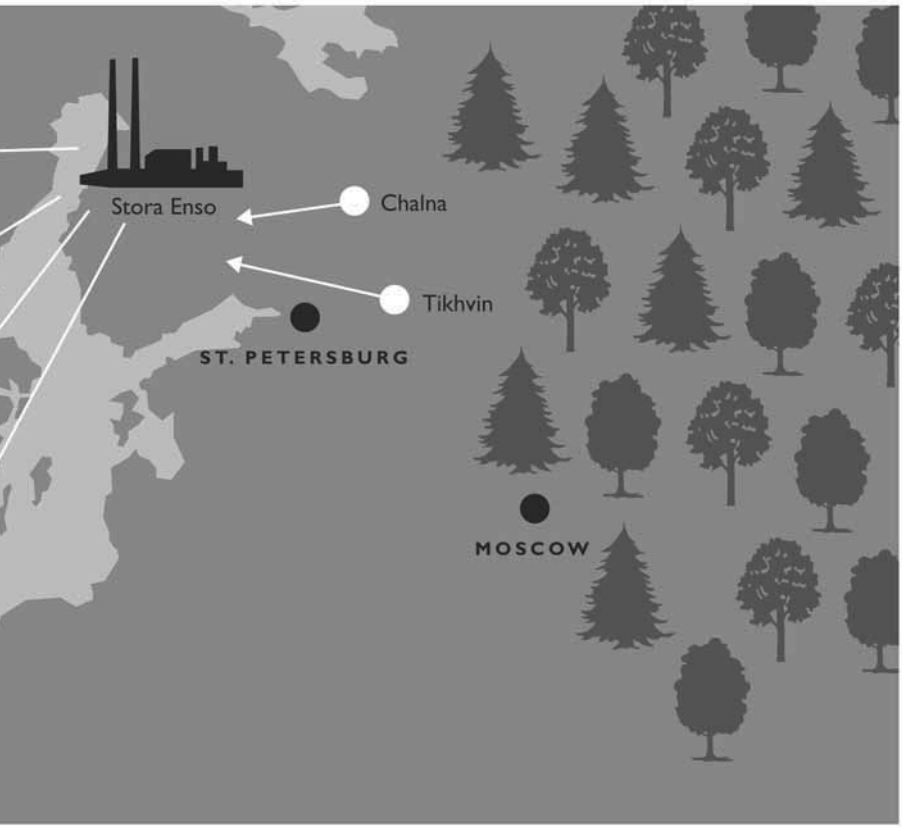
A methodological project was conducted in the form of seminars and miniconferences that were generally organized in production locations. Buyers' representatives were present at these meetings, and timber providers, interested parties and NGOs were invited, depending upon the theme of individual events. A working group was put together for the planning of these events as well as project strategy as a whole, and was made up of representatives from all project partners. These events included personal meetings between producers and buyers, as well as an opportunity for buyers to get acquainted with produc-



Map 9.1 Stora Enso's Tikhvin-Chalna project
Source: Stora Enso

tion processes and practices on the ground. On the one hand, these meetings were simple fact-finding trips; yet, on the other hand, they were sociological "interventions" of a sort, acts of interference, insofar as buyers demanded proof of the timber's legal origin, checked documents, considered processes, and introduced new demands on the basis of what they saw.

In order to boost the project's legitimacy, third-party monitoring and evaluation of the results were built into the project's framework. Two experts were



brought into the project for this purpose: a local expert from the Karelian Research Center of the Institute for Economics of the local branch of the Russian Academy of Sciences and an expert from Transparency International. These outside experts evaluated, along with other elements, areas that are not covered by the chain of custody or forestry management certification: specifically, the battle against corruption.

The project was undertaken in parallel with FSC certification, and Stora Enso received certification in both forestry management and chain of custody in 2006. While the certification process occurred independently of the research

project, its goals of verifying the sustainability of forestry utilization and the legitimacy of timber origin in the chain of custody overlapped with the goals of the project itself. As such, the fact that Stora Enso received certification also figures in the final project report. As a result of the project, moreover, mechanisms providing for the verification of the legality of timber were refined, and internal standards of corporate and social responsibility were created. Communication between producers, suppliers and users in the chain of contract was notably improved, as was the overall system of chain of custody management. Risks connected with violations of the principles of sustainable development were lowered and technical monitoring tools were advanced. However, work towards verifying freedom from corruption proved more complicated. The absence of corruption, in the opinion of the experts involved, could only be guaranteed in the chain of custody from standing timber to the end consumer. The experts were skeptical as to the idea of guaranteeing the absence of corruption in other business practices. They explained their skepticism by noting that outside initiatives do not generally lead to noteworthy results in a corrupt country or corrupt environment where the majority of business practices involve the use of informal methods.[47] Admittedly, these experts did not provide any concrete proof to support their position. Independently of the experts' final report, Stora Enso's representatives declared that the company was free from corruption — and that this sort of freedom from corruption was a real possibility in Russia.

End users of Stora Enso's products

End users at the very end of the chain of custody represent the link most interested in the overall chain's transparency. In addition, a product's end user has the right to choose amongst providers: that is to say, the right to make demands about transparency and quality in the chain of custody and, by using this right, the ability to change the social reality and practices at logging locations.

The publishing house Axel Springer, a major publisher of large-circulation newspapers and magazines in Germany, was the main initiator of the research project. Like most major modern corporations, this publishing house gives

47 From a presentation given by Elena Panfilova, director of the Russian division of Transparency International, at the 13th International Conference on the Conflict with Corruption.

notable weight to its social and ecological responsibility. At the same time, Axel Springer sets itself apart by way of its original and creative approach to these sorts of questions. By stimulating sustainable development along the entire chain of custody, Springer's managers believe they are raising the level of trust in their company. For them, monitoring the chain of custody is connected not only with adherence to norms of social and ecological responsibility, but also a method of social enterprise that allows them to move production towards a more socio-economically friendly platform (the "supplier chain approach"). The manager of sustainable development at Springer believes that the publishing house's interest in monitoring its chain of custody has been based on ethical and value-based motivations. This can be explained, in part, by the fact that amongst the more than 11,000 journalists that work at newspapers published by Springer, quite a number write critical articles about social and ecological problems and business ethics. According to the source at Springer, the publishing house asks itself questions like, "Where does my newspaper grow? Where was my office paper grown? Where does my magazine grow?" This interest is reflected in many of the publishing house's monitoring projects aimed at the chain of custody and, in part, in projects aimed at tracking the origins of Russian lumber. In its own projects, Springer has set quite ambitious goals: for example, the battle against corruption in the Tikhvin project. The publishing house also pays attention, in its projects, to conflicts concerning climate change and the use of bio-energy. There was a project, for example, that measured the CO_2 emissions related to the production of a newspaper along the entire chain of custody (from the raw material to paper and, further, in relation to the actual printing of the newspaper). This project attempted to lower the repercussions of such emissions through the use of more environmentally friendly technologies and energy resources.

The policy of responsible purchasing, in the opinion of the source at Springer, "gives credibility for what we write"[48]; that is, it provides a basis for trust in the company based on the accordance of its social and ecological values with what is advocated in its publications. In the publishing house's view, if Springer raises ethical questions in its publications, then the publishing house itself ought to serve as an example of how the practice of these ethics can be

48 From an interview with the manager for sustainable development of the publishing house Axel Springer.

realized.[49] From this comes the assiduous attention paid to purchases, and the source at Springer outlined the idea of trust in a product through the use of such concepts as "tangible and intangible quality elements of the product."[50] It is through "unmeasurable" or "intangible" product characteristics – such as ecological and social responsibility in relation to a product's production, freedom of production from corruption, and so forth – that trust in a product is developed. The source underlined that his company strives for "de-homogenization of an anonymous product": that is, seemingly identical products ought to have "different faces" and ought to be connected to the image of a specific company and the values it promotes. As an example, he referred to "green" energy, or energy acquired with little harm to the environment. These sorts of value connotations, when associated with various products, can create a sense of trust amongst purchasers. According to the informant, other than ecological characteristics and qualities, avoiding involvement in corrupt relationships should also be an inherent consensual project value. This means that during production of a product, a dialogue has taken place with all interested parties — and at as many levels as possible — and specifically with NGOs. This dialogue involves a company asking questions: how its suppliers coordinate with NGOs, whether or not these suppliers consult with NGOs, and what sort of relationships they have with ecological organizations such as Greenpeace or WWF.

Timber, like electricity, can carry information about a business: about ethics, the ability of a company or producer to communicate with interested parties, cooperation with NGOs, and environmentally friendly practices. All of these elements and values need to be established across the entirety of the chain of custody (the process of bringing intangible quality along the value chain). For example, the FSC certificate confirms these intangible qualities of a product and gives the faceless and anonymous timber a certain concrete "facial expression".[51]

In the Tikhvin-Chalna project, as in other similar projects, a buyer's power and strength are used to change logging practices and even to combat corruption. Insofar as producers prefer to work with large buyers, they sincerely listen to the opinion of the latter, and in this sense the buyer's influence on a company is palpable. Axel Springer used its power over suppliers and the competition

49 Ibid.

50 Ibid.

51 Ibid.

between timber companies to intervene in logging practices, suggesting monitoring projects at once to a few different timber companies (UPM, Stora Enso and others). Stress was placed on different elements of different projects. In the Tikhvin-Chalna project a great deal of attention was paid to technical questions of worker safety, but in the project with UPM Kymmene far more attention was given to questions of safeguarding biodiversity and old-growth forests.

The manager at Axel Springer who initiated the Tikhvin-Chalna project qualifies NGOs as "guard dogs" and "critical companions".[52] Insofar as Axel Springer has not had any run-ins with NGOs, it follows that there was little necessity to legitimize their activities specifically through the use of NGOs. The manager had previous experience working with NGOs in relation to virgin forests in Russia, and his "critical companions" there had included Greenpeace Russia and WWF. In the Tikhvin-Chalna project the NGO Transparency International filled the role of "critical companion," having been brought to the project to evaluate the level of freedom from corruption in the chain of custody.

In the Tikhvin-Chalna project, as in others, intervention with the goal of changing practices on the ground occurred in a methodologically strict fashion. Suppliers were sharply criticized and presented with demands to change their practices in the direction of ecological and social responsibility. The aim of these demands was ultimately to create the intangible production characteristics referred to earlier. In the given projects, as noted above, these characteristics included a boost in safety technology at the place of production: narratives involved questions such as: "How many cut-off arms and legs are included in one ton of your paper?"[53] In order to improve the safety of workers, the project's organizers worked to align communication practices along the chain of contract, build trust and overcome communicative, cultural and other barriers between different links in the chain of contract.

Another project participant, the major publishing company Random House Group — headquartered in the United Kingdom[54] — was invited to the project by Stora Enso. This publishing house has a policy of social and ecological responsibility and a policy of relations with suppliers and standards of paper purchasing; its interest in the project was produced by a desire to re-

52 Ibid.

53 From an interview with a consultant-designer assigned to transparency-monitoring projects along the chain of contract.

54 Specifically, Random House Group UK.

search its own chain of contract and become acquainted with practices on the ground. This was done less in order to change such practices and more simply to understand to what degree they are in accordance with Random House's policies of corporate ecological and social responsibility.

Random House's method of constructing trust in a product differed from the trust constructs used by the representatives of Axel Springer. The Random House Group's approach to questions of trust was largely practical, relying on well-accepted trust markers such as FSC and PEFC certification. Statements made by Random House Group's representatives reflected the general discussion about the legitimacy of various certification systems that came up in relation to the forestry industry. One of the major buyers of Random House Group's publications, the retailer Marks and Spencer, prefers goods certified in the FSC system. In part because of this, Random House was the first publishing house in the world to have its entire chain of contract certified by the FSC system. The publisher is now currently pushing FSC certification throughout the International Publishers' Association, because of the support it has received from NGOs and the preference shown for it by major buyers.

Random House Group had never been the target of criticism from NGOs, nor had it previous worked with them directly. That being said, Random House's representatives do regularly meet with representatives of ecological NGOs at conferences and other events, and the company tries to consider the opinions of major ecological NGOs such as WWF, Greenpeace and others. Random House Group, moreover, is interested in having its consumers associate the company with a higher degree of certification and, it follows, with a higher level of attentiveness to the environment and questions of social justice. Random House Group is willing to admit, however, that very few of the authors who work with the publishing house understand the differences between the two forestry certification systems, and the rest – especially young authors who are just starting their careers – are, in general, simply interested in purchasing policies and broad questions of corporate responsibility in relation to the publishing house specifically and ecological politics in general.[55]

Random House Group's trust construction depends on their sense of the economic systems of various countries. This is reflected in the narrative used by Random House Group to explain their interest in the monitoring of the Russian-side chain of contract and Greenpeace's sharp criticism of Stora Enso's

55 From an interview with Random House Group's director for sustained development.

logging on PEFC-certified virgin forest territory in Finland. Random House Group's logic is that if this sort of violation can occur in Finland – where the ecological situation is relatively under control – then matters could plausibly be much worse in Russia. Understanding that paper bought by Random House in Finland is produced from Russian timber, the publishing house wished to become acquainted with logging practices on the ground.

Random House Group's interest in the Tikhvin-Chalna project was to get a direct look at the part of the chain of contract that stretches from Russia to Finland. As a result of their newfound acquaintance with this chain, the publishing house – according to a source at Random House – became aware of the business context of timber production in Russia and associated difficulties related to applying new forest utilization practices to the Russian environment: "It's nice to sit in an armchair and give advice, but I went out there and saw what was going on"[56], said the source at Random House. Having been on the ground, this informant, for example, in reference to a conversation with one of the managers of Tikhvin Integrated Logging Enterprise, cast doubt on the possibility of successfully combating corruption. This opinion was based on the source's sense that business in the Russian context is completely impossible without informal agreements that are generally viewed in Western countries as a form of corruption.

In joining the Tikhvin-Chalna project, Random House Group was mostly interested in tracking the ecological aspects of forest utilization, something that had not been focused on in the project. As a result, the company quickly lost interest in the project and did not actively develop its stake therein.

The company Time, Inc., another buyer of Stora Enso's paper products, was another participant in the Tikhvin-Chalna project. In addition to its well-known magazines, this company also publishes a large number of catalogues for various other companies. Time, Inc., like many other major corporations, has a well worked-out program of corporate social responsibility and purchasing policies oriented towards certified products and the stimulation of certification processes amongst its suppliers. In ecological terms, they focus on the use of recycled paper in the publishing of their printed products as well as on innovative policies: for example, purchasing paper produced with the use of alternative fuels. In the framework of its transparency policies, Time, Inc. makes information available about all of its paper suppliers.

---

56 Ibid.

Nonetheless, insofar as Time, Inc. publishes advertising catalogues, it is often the target of assiduous attention on the part of ecological organizations. The company has only felt direct NGO pressure once: in 1994, when NGOs conducted a major campaign against the use of chlorine in the production of paper pulp. Direct action against Time, Inc. and other companies was organized, and Time, Inc. put together a "paper working group" that began to thoroughly work out purchasing strategies and ways of influencing the ecological practices of the company's suppliers. In general, Time, Inc. demonstrates a preference for purchasing paper made from timber procured in northern countries, rather than paper made from wood from tropical forests; with the latter, problems of environmental protection have a tendency to be much more serious, according to a source at Time, Inc.[57]

The company chose to collaborate with NGOs. In the middle of the 1990s, Time, Inc. began to cooperate with the Environmental Defense Fund and, together with this NGO, wrote and published a manual entitled "Buying and Using Environmentally Preferable Paper" – a manual that has not lost any of its timeliness at the moment of the writing of this paper. Time, Inc. has also worked on these questions with the World Resource Institute and the organization Metaphore. The company has, within the framework of the World Business Council for Sustained Development, prepared a report on companies from which paper that is "clean" from an ecological point of view can be purchased. The National Recycling Coalition has also been one of Time, Inc.'s partners, and together the two organizations have promoted the idea of recycling amongst the latter's buyers.

Time, Inc.'s interest in monitoring the chain of custody fits into the framework of their policy on sustainable development. The company's trust constructs rely on trust markers, including certification, and the company works towards increasing the extent of its certified production. Operating in the USA, Time, Inc. does not have an opportunity to base its trust markers on the particularly high standards of FSC certification: its suppliers work almost exclusively with the SFI system, which is allied with the PEFC system. The company is, however, is in the process of analyzing the national standards that form the basis of the PEFC system. Time, Inc. analyzes exactly which forest utilization practices stand behind various trust markers and, depending on this analysis, chooses whether to trust or not to trust. Trust or a lack thereof in

57 The source called the forests of the Amazon the "lungs" of the planet.

the economic system of specific countries is also a factor in Time, Inc.'s trust constructs: in part, Russia and Russia-related discourses are classified as an "untraditional wood basket."[58] Moreover, Time Inc.'s trust constructs can be seen as including value-based connotations and assignable products. Nonetheless, if Axel Springer holds social components to be a first-priority element of intangible product characteristics, then Time, Inc. pays more attention to ecological components: for example, the "ecological preferability" of a product, a concept that is understood as covering a product's "legality" and the "sustainability of the forestry utilization"[59] from which it was produced.

One further participant in the project under consideration, Tetra Pak, manufactures packaging for beverages. Tetra Pak's social policies in developing countries are, first of all, focused on providing the sort of infrastructure that would make products sold in its packaging available in all corners of these countries. For Tetra Pak, risk evaluation and monitoring of the chain of custody are extremely important, and the company works to legitimize itself through partnerships with WWF-Sweden, with whom it coordinates in the realization of projects related to sustainable forestry and climate change. Risk evaluation is especially important for Tetra Pak in relation to timber procurement: in the forestry sphere the company supports FSC certification, acting as one of the organization's members and stimulating, through demands made to timber suppliers, its development in Russia. Tetra Pak generally relies on the British company ProForest to conduct monitoring and risk evaluations in developing countries.[60] Tetra Pak eagerly joined the project in Russia in light of the fact that this project fulfilled the objective of monitoring and risk evaluation in relation to Russian timber. Broadly speaking, Tetra Pak's trust constructs are closely connected to minimization of risk and the development of control mechanisms.

As the project was realized and the participating corporate paper buyers became personally acquainted with the processes of product manufacture, particular attention — especially on the part of Time, Inc. and Axel Springer — was paid to questions related to the provision of work safety, given the number of accidents and violations of safety regulations in the logging industry. Having noted the fact that none of the workers employed on a frame-saw were given to wearing gloves, a representative of Time, Inc. compared Russia to Canada ten years earlier:

58 From an interview with Time, Inc.'s manager for sustainable development.

59 Ibid.

60 From an interview with Tetra Pak's manager for sustainable development.

in the latter, loggers and workers in related fields used to demonstrate a similar lackadaisical approach to their safety and their health, almost as if they were fatalistic about it.[61] The source at Time, Inc. considered this to be a step on the path of development, and noted that over the last ten years in Canada practices had changed for the better — which, it would seem, is what awaits Russia.

Over the course of their trip, project participants were astounded by the high social expectations of the local population, a population that had become accustomed to collaboration with government logging enterprises during the Soviet period and to these collaborations having a paternalistic nature. The informant at Time, Inc. found this a reason to compare Russia to countries such as Brazil and Tasmania, where the social component of business is broader, in connection with which a company's role in local society changes notably.

The value of the project for all those participating was to be found in the open dialogue it provided between representatives of various links of the chain of custody. Participants also valued highly the fact that the project provided an opportunity to demonstrate to timber producers that consumers of final timber products — those living in various countries outside Russia — are interested in timber production, working conditions and environmental protection at places where timber is produced. This interest, according to the source at Time, Inc., ought to stimulate timber producers to change their practices. One of the project's results was increased understanding between timber purchasers and their supplies at the base-level timber production link in the chain of custody.

The role of Stora Enso's managers in the development of trust between interested parties

The goal of collaboration between stakeholders across the entire chain of contract depends, in general and in most companies, on middle-level managers who deal with questions related to the environment and sustainable development. At Stora Enso, there is an entire team of managers tasked with questions of the environment and sustainable development and who work in various countries with the aim of creating trust amongst stakeholders in Stora Enso's products and production process. The responsibilities of these managers include developing partnerships with buyers, producers and suppliers, conflict-free relations

61 From an interview with Time, Inc.'s manager for sustainable development.

with NGOs and government institutions in the many countries where the company operates, and with all other interested parties at all possible levels — from transnational to local. These relationships ought to be established in such a manner as to avoid any possibility of doubt arising from any of the interested parties concerning Stora Enso's corporate social and ecological responsibility. As such, the company finds itself forced to take into consideration the various contexts of different countries, their laws, and the demands of NGOs.

One of the strategies for building and strengthening trust relations between purchasers and manufacturers is an increase in the percentage of certified timber in the chain of custody. This can be achieved, on the one hand, by certifying one's own leased territory, and on the other hand, by pushing one's suppliers towards certification. By 2012, Stora Enso has been able to bring the amount of certified timber in its chain of contract up to 65%, while on the worldwide scale only 10% of timber is acquired from certified territory.

Stora Enso is unable to work with just one certification system in its chain of custody, insofar as different certification systems are used in various countries. The forestry certification system FSC, for example, although considered by many to be amongst the most reliable and preferable, is quite undeveloped in countries such as Finland, where small forest owners are dominant and prefer the PEFC system. The fact that there are a number of different forestry certification systems, none of which are given to recognizing one another, means that additional alignment of timber preparation is needed and that more resources are taken up in the preparation of certification and audits. This, clearly, prevents Stora Enso from standardizing its practices across the entirety of the corporation. Moreover, purchasers might demand that the manufacturer comply with the stricter FSC certification, but the manufacturer is not always able to meet this demand, given the absence of this certification in certain countries.

At Stora Enso, managers exert separate efforts towards reconciliation and the establishment of dialogue between the various certification systems. The managers' efforts are directed at effecting a change in trust structures, trust that various categories of stakeholders have in various certification systems. Stora Enso's managers have used a variety of strategies in order to reconcile certification systems and change trust institutions. One of these strategies was the company's participation in Forest Dialogue[62] events dedicated to various

62 Forest Dialogue is an NGO headquartered at Wales University. Together with the World Business Council for Sustainable Development, the organization organizes dialogues about

themes, including those connected with sustainable forestry use, certification and the guarantee of timber legality. Over the course of the meetings organized by Forest Dialogue, a dialogue was initiated between various certification systems with the goal of overcoming contradictions between the different systems.

Partnership with WWF was another important strategy used by Stora Enso to stimulate trust amongst participants in the chain of contract and reconcile differences between different certification systems. In its collaboration with WWF Stora Enso worked on building forest usage models, during the course of which a dialogue was also started between different certification systems. With the goal of bringing together a system of trust guarantees through mutual acceptance of certification systems, Stora Enso acted in three distinct ways. First, by experimenting with dual certification (both FSC and PEFC) in Sweden, where both systems have been legitimized, mutual understanding between process participants and interested parties was established, and, as a result, so was a level of mutual trust. Secondly, Stora Enso attempted, through a pilot certification program, to bring FSC certification to Finland, where only the PEFC system is well developed. Finally, Stora Enso attempted to apply FSC certification to small forest owners in Latvia, bringing these owners together into a group and receiving certification for a logging company rather than for the owners of forests.[63] Each of the actions described above was an attempt to overcome a certain "bottle-neck", which, in the end, ought to have made the standardization of trust markers in the chain of custody easier. The greater the number of standards used by the company, the greater the amount of additional effort that is needed in order to achieve trust relations in the chain of custody and to overcome any obstacles that could arise.

Stora Enso would also have liked to support the idea of developing dual certification in Russia, but set its sights on FSC for two reasons. First, the FSC system was already well developed. Second, the stricter FSC system acts as a guarantor of a greater level of trust in countries with developing economies. Moreover, FSC certification is more suitable in Russia, where, for the most part, only major leasers operate.[64]

---

forestry usage around the world.

63 From an interview conducted in Stockholm with Stora Enso's manager for sustainable development.

64 From an interview conducted in Imatra, Finland with Stora Enso's internal auditor.

In Russia Stora Enso also worked to develop two models aimed at achieving trust from various categories of stakeholders. The "Pskov Model Forest" served to win the trust of government institutions and other Russian stakeholders in innovations undertaken by Stora Enso in relation to forestry usage. The model here focused on the goal of developing Stora Enso's business in Russia, adapting Scandinavian technology to Russian conditions, collaborating with stakeholders, making logging technology ecologically friendly, and putting in place a holistic approach to forestry management. This last includes the exposition of innovations for intensive forest use and simultaneous approbation of FSC certification in Russia (Tysiachniouk 2008).

To a great degree, the Tikhvin project was oriented towards winning the trust of transnational stakeholders. This project brought both ends of the chain of custody — external purchasers and suppliers of raw material — face to face. This was necessary in order to demonstrate that even in a complicated context (such as that which exists in Russia, in an environment with weakly operating laws, corruption, illegal logging and so forth) it is possible to put together a business and chain of custody in a such a way that transparency, legality and ethical business practices are all provided for.[65] For Stora Enso, the working out of trust guarantees in the chain of custody was an internal process — this in comparison to other models, where a large number of consultants were brought in. In the Tikhvin-Chalna project, work was generally focused on bringing together management systems and improving the level of accountability in different links of the chain of custody (Tysiachniouk 2012). At the same time, in addition to certification practices, Stora Enso expanded and employed its own monitoring procedures in relation to the chain of custody. In methodological terms this occurred in the form of internal inspections of the entire corporation and its management. Stora Enso focused on identifying potential risks, analyzing them and working out preventive measures that were then put into place across all elements of the chain of custody. Whether it was a question of finalizing a leasing agreement, for example, or participating in an auction, identifying timber, preparing for logging, logging, purchasing equipment, building roads, transporting timber, storing timber, accounting for timber transported and stored, or any other level of manufacture, Stora Enso strove to institutionalize the elements of its internal inspections at all points of the chain of custody. Preventive measures were aimed at averting the possibilities

65 From an interview conducted in St. Petersburg with Stora Enso's manager for ecology.

of selling timber on the side, theft, or the mixing of illegal timber together with legal.[66] These efforts were led by Stora Enso's managers in Stockholm together with managers of Wood Supply Russia, representing contractors in Russia and based in Imatra, Finland and St. Petersburg, Russia.

Responsibility for the development and continuous improvement of verification procedures related to the legality of all timber arriving at the point of manufacture lay on the shoulders of Stora Enso's managers for the environment and sustainable development, both within the framework of the Tikhvin-Chalna project and in general. These managers were also responsible for the organization and monitoring of safe working conditions and the ecological responsibility of the company's business practices. Throughout Stora Enso, moreover, it was forbidden to engage in corrupt relations or informal agreements that could be negatively interpreted as corrupt by either government officials or business partners. Some distinct difficulties arose in connection with this last stipulation, according to a manager in Stora Enso's office in Imatra. This manager was responsible for tax-related issues and customs regulations: the whole of the manufacturing process through customs and immigration. In Russia, according to this manager, customs officials were the most corrupt element in the chain of contract. Having become accustomed to extorting bribes, Russian customs let Stora Enso's shipments through only after lengthy (sometimes longer than a week) stoppages, which cost the company significantly.[67] There were also significant difficulties in connection with local police forces.

Middle-level managers tended to solve the problems they encountered through procedural improvements and both internal and external (third party) audits that fell within certification frameworks. These audits checked the entirety of Stora Enso's storage, the possibility of theft and the transport of timber. Information included in contracts and related documents was thoroughly checked against actual materials in storage; video cameras were set up, along with similar control mechanisms.[68] According to the source at Stora Enso, the weakest links in the chain of custody — those in need of especially thorough scrutiny — were areas where a great deal of timber or money had accumulated.[69]

66 Report on the Tikhvin-Chalna project (2007).

67 From an interview conducted in Imatra, Finland with the manager of Stora Enso's local office.

68 Report on the Tikhvin-Chalna project (2007).

69 From an interview conducted in Imatra, Finland with Stora Enso's internal auditor.

Stora Enso found that the development of effective business practices in its Russian structural divisions required an especial direction of effort towards overcoming differences in business cultures between the company itself and post-Soviet enterprises. Modernization and reorganization of business enterprises, including the standardization of business practices, have ground to a halt, in part, because of the differences in trust constructs between Finnish and Russian elements of the Russian contract division. Finnish managers note the particularity of Russian business collaboration, in which closed social networks of a particular type are built and in which especial trust relationships are formed. Both big and small bosses surround themselves at an enterprise with a tight circle of friends and relatives to whom they relate paternalistically and whom they protect in case of alleged violations. These relationships and the interests of this circle are given preference, moreover, over the interests of the business enterprise itself.[70] These bosses are quite capable of reacting calmly, for example, to the news that one of the members of such a circle has, during working hours, built something on a frame-saw for his or her personal dacha.[71] One of the informants from Stora Enso, while speaking about trust, stressed that for Russians — especially during the years of and after Perestroika — trust was built on interpersonal connections, and if such connections did not arise, then it was not possible to develop business relationships: "In Russia, you have to first win personal trust in yourself, as a person, and only after this will someone conduct business with you."[72] In this light, trusting relationships were often developed at lunch or in the sauna.

It was difficult to maintain trust that had been won during the course of the modernization and reorganization of various enterprises. A large number of people — all of whom received quite small salaries — were as a rule registered at Russian enterprises.[73] This approach differentiated Russian companies of the post-Perestroika era from international corporations, where there was a strong preference for employing a small number of people, all of whom were maximally loaded with work and provided with high levels of monetary compen-

70 Ibid.

71 From an interview conducted in Imatra, Finland with Stora Enso's manager in charge of logging.

72 Ibid.

73 From an interview conducted in Imatra, Finland with Stora Enso's manager for sustainable development.

sation for their efforts. A large portion of the workers in Russian enterprises were cut as part of corporate restructuring, a process that led to a fluctuation in trust in Stora Enso's managers. The source from Stora Enso noted that the system of interpersonal relationships that was predominant during the post-Perestroika period started to move incrementally towards an international organizational style beginning in 2000, and over time Russian managers have become more and more similar to their colleagues in other countries. Moreover, the informant noted a willingness on the part of qualified Russian managers to work overtime and their generally career-oriented approach to business, which set them apart in a positive way from their Finnish equivalents.

Managers of the Russian production unit

Managers of the Russian manufacturing link – primarily technical production managers – were faced with the task of implementing business practices that would serve to increase trust in their enterprises at the international level, and to do so in a context that was less than ready to accept such practices. This task was complicated, on the one hand, by the internal conditions at enterprises, where workers who had been socialized in a Russian context would need to accept external practices. On the other hand, the external context of a country going through a period of economic reformation and institutional turbulence created definite impediments on the path to changing production practices over to new, internationally accepted processes.

According to one of the production managers, one of the most complicated tasks was to reach a point where workers would adhere to safety regulations: "It's difficult to explain to a Russian why he's not allowed to throw pipes around or pour out oil in a forest. But it's especially difficult to explain why he should wear a hardhat."[74] Russian legislation includes safety regulations regarding all these issues; however, in practice, authorities in charge of checking safety regulations tend to worry more than anything about making sure the necessary signatures are recorded in safety regulation logs: signatures of workers that testify that they are acquainted with safety instructions and regulations. Authorities in charge of verifying safety regulations also relied on the existence of documents that verified that hardhats had been purchased. Within

74 From an interview with a technical director of one of Stora Enso's filial companies in Russia.

the framework of the Tikhvin project and within its attempts to provide FSC certification for Russian enterprises, Stora Enso conducted a broad campaign against accidents in the workplace. Instead of simply checking the existence of hardhats on documents, they checked whether workers were actually wearing hardhats at their place of work. Oil spillages were tracked, as was compliance with all necessary rules related to manufacturing conduct; a variety of sanctions, including economic ones, were taken against those who violated such rules. According to one of the technical directors of an enterprise acquired by Stora Enso, the overall culture of this manufacturing concern significantly improved after it became part of Stora Enso.

The peculiarities of the Russian context were reflected in the manner in which production-level managers formed notions of trust. They defined trust in a company, first and foremost, in terms of work stability at an enterprise, its provision of "white" salaries ("not in envelopes, but transferred to an account in a savings bank"[75]), the enterprise's payment of taxes, the absence of dual and misleading accounting methods, and the provision of health insurance for workers – not only the minimum insurance required, but additional, voluntarily provided insurance. One of the technical directors interviewed believes that trust in a company occurs amongst local residents if they see the enterprise's workers "in the proper clothing, on machinery in good working order, having passed medical examinations and received vaccinations for encephalitis."[76] A local community's trust in the constructs outlined by production-level managers is based on the idea that the company invests in local infrastructure – for example, in the building of roads – and fulfills its social obligations as stipulated in its rental agreement.

Russian production-level managers shared the feelings of their Finnish colleagues about effective manufacturing organization. For example, the Japanese practice of "lean production" – based on principles of production optimization – was held up as an example to be emulated by Stora Enso's Russian general director in Tikhvin. According to this director, the most important objective was to centralize planning and optimize production: "If people are just wandering around, there's no labor organization."[77] This director was in favor of hiring

75 From an interview with a technical director conducted in Tikhvin.

76 Ibid.

77 From an interview with the general director of a Tikhvin-based enterprise (on the job since 2008).

qualified workers who would be capable of working with new technology and who would understand the finer points of sustainable forest use, not to mention the essence of ecological approaches: for example, the necessity of safeguarding biodiversity. Forwarder and harvester operators, in his opinion, should have the proper level of qualifications and responsibility so that the need for further specialists at logging production points would drop.

Production-level managers ran into definite and Russian-context-specific difficulties in terms of providing for an enterprise's environmental responsibility – a major component of certification requirements and a necessity for the creation of trust. These difficulties were connected with the limited development of, changes within and poor functionality of, Russian legislation. In both 1997 and 2007 the Russian Forest Codes retained elements that conflicted with certification requirements: for example, the concept of the conservation of biodiversity in commercial forest usage was not included in the Codes. It proved necessary, in order to fulfill certification requirements, to switch the terminology and set aside key biotypes[78] under the guise of "unexploited zones."

Difficulties also arose in the provision of yet another demand made by end consumers: freedom from corruption. It was necessary to bring this norm into a Russian context, where informal relationships were quite acceptable. According to one of the production-level managers interviewed, those involved in the Tikhvin project "refused to give out under-the-table bonuses and bribes. We need to increase the number of honest workers and punish the charlatans."[79] It is worth noting that quite a lot of illegal logging occurs in the areas leased by Stora Enso in the neighborhood of Boksitogorsk and Tikhvin. According to one of the managers interviewed, corrupt networks were especially well developed in Boksitogorsk municipality, insofar as they were protected by government institutions; if the latter had had any desire to clean up corruption in the municipality, it would have long ago come to fruition.[80] Illegal cutting on Stora Enso's leased territory was a problem for the company not only in terms of the economic loss it caused, but also because the company, in accordance with certification norms, is responsible for everything that occurs on its leased territory. Illegal cutters occasionally chopped down lots that had been left as valuable ecosystems or

78 Sites of particularly high biodiversity.

79 Quotation from a production-level manager in the film "Clean Timber Imports," available on line at www.axelspringer.de/en/artikel/films_525366, viewed February 22, 2010.

80 From an interview with a technical director.

seed-bearing plots, creating circumstances beyond the control of Stora Enso.[81]

The company, together with regional forestry administration bodies, found it necessary to conduct raids and forcibly guard its territory. To fulfill the latter requirement Stora Enso employed certain elements of OMON (Mobile Unit of Russian Police, the Russian equivalent of American SWAT forces) – and yet, due to the significant amount of land rented by Stora Enso and the well-developed warning system developed amongst illegal cutters, such methods proved largely ineffective. One of the managers interviewed noted that before his company became part of Stora Enso, it had been easier to organize the struggle against illegal cutting: they had been able to use informal channels.[82] For example, working through acquaintances at the appropriate government agencies, they initiated audits of enterprises that had accepted timber previously stolen from the first company's leased territory. These audits included working with police forces, ecological agencies, energy agencies and other government institutions that were able to affect the situation. A particularly independent company that used this sort of practice managed to get three sawmills closed down, after which the remaining regional sawmills, fearing retributive action, accepted stolen timber less and less frequently. After the corporation's local partners became part of Stora Enso, this sort of informal approach became inadmissible. Stora Enso's regulations allowed only for the use of formal methods of combating illegal cutting, especially in relation to guarding leased territory, an area in which formal methods proved costly and largely ineffective.

In addition to the difficulties listed above, other problems arose in the process of bringing new practices – ones capable of developing trust amongst consumers – into the Russian production link. According to one of the managers interviewed, the fulfillment of certification requirements was made more difficult by the limited culture of a local populace that had left enormous quantities of rubbish in surrounding forests – something which the leaser of a forest is obligated to deal with. The individual interviewed noted that "for us, certification was a 'combing out' of practices begun [by Stora Enso] with the aim of inculcating a certain production culture…overall, this brought about a larger amount of order within these practices."[83]

---

81 From an interview with an ecological manager conducted in St. Petersburg.

82 From an interview with a production-level manager in Tikhvin (on the job since 2008).

83 From an interview with the Stora Enso CEO conducted in Tikhvin.

Discussion

Managers of various units in the supply chain bear their own share of responsibility and play their own roles in the provision of socially and ecologically responsibility practices that allow companies to win trust amongst end consumers in "sensitive" markets for their products. The greatest degree of responsibility lies with the first link in the chain, that is, at the place of timber preparation. Processes occurring at the moment of logging are what attract particular attention from both local and international environmental organizations (Tysiachniouk 2009). At the same time, the largest number of demands is made by those at the very end of the chain: those who purchase the goods and who, for their part, are exposed to risks, pressure, and at times a lack of trust – all boosted at times by NGOs (Tysiachniouk 2010). Ultimately, the final purchasers of one good or another, with their particular purchasing policies and chain of contract monitoring practices, are the ones who demand the perfection of systems to guarantee institutional trust in the entire chain of custody and manufactured products.

Users and manufacturers at different levels of production can be, literally speaking, unknown to one another, something that is true more often than not. This complicates the formation of personalized trust. As a result, trust in a system becomes a priority (Giddens 1990), as well as trust in procedures and mechanisms that provide for transparency in business processes. It is worth noting that managers of structural divisions that are part of the chain of custody aim for stability and partnerships – something that, along with institutional trust, requires interpersonal trust as well. As has been shown, the interest of the end consumer in manufacturing processes can facilitate the realization of projects intended to influence a manufacturer's practices. In this case, consumers and manufacturers do meet face to face, and actions taken mutually to develop systematic trust markers are strengthened by interpersonal trust created in the course of such meetings.

In the case studied, I considered responsible purchasing practices amongst consumers of products made from Russian timber, paying close attention to the motivations underlying such purchases. My analysis demonstrated that amongst media companies that purchase paper made from Russian timber, there exist quite different basic motivations for this sort of responsible purchasing approach. These companies also form notions of trust in Russian manufacturing processes and Russian products in differing ways. For all the companies par-

ticipating in the project, however, it was important to cultivate their images as socially and ecologically responsible corporations. Following interviews with end consumers, it became clear that, from their perspective, trust on the part of NGOs was imperative, as well as on the part of consumers of their products, stockholders, journalists, and all other interested parties. Reaching this level of trust meant that these companies needed a guarantee that they themselves were buying "clean" (in terms of social and ecological responsibility) products. Insofar as it is more or less impossible in a global economy – taking into consideration quite extended chains of custody – to have a complete guarantee, these companies found it imperative to create procedures that would form, uphold and guarantee their own trust in the "cleanliness" of the goods they purchased. This explains their willingness to participate in the project, take on the role of agents of institutional change in Russia, receive a first-hand impression of what is happening at the place of production, and form requirements for change in practices on the ground. In technical terms, they worked to partially replace a lack of institutional trust (insofar as certification had yet to be received) with personalized trust that ought to have come together over the course of personal meetings with loggers. If the companies had had sufficient guarantees of trust in the form of FSC certification, there would have been no need for them to participate in the project.

Given a deficit of institutional trust, however, attempts were made to compensate for this deficit, on the one hand, through personal verification and, on the other hand, through the initiation of procedures that should be able to serve as guarantees of trust. In other words, the project was practically aimed at the formation of trust mechanisms, markers and guarantees: improving verification procedures for transparency in purchases, and boosting the level of legality, freedom from corruption, and social practices such as improved workplace safety.

Research has shown that in "sensitive" markets, certain companies find it more necessary than others to form ideological systems capable of creating and upholding trust in a brand. The more vulnerable a transnational corporation is to pressure from NGOs, the more imperative this corporation will be concerned about its image and winning trust in a community. Concern for a company's image prompts demands made to contractors in terms of raising certain requirements. In the project at hand, all of the statements made by the participating companies to explain their responsible purchasing policies included both value-based motives and motives based on a desire to avoid risks

that would threaten these companies. Within this continuum, statements about risks were barely present in the argument made by Axel Springer's representative: to a large degree, this representative focused on value-based motivations for his company's choices, as well as a desire to achieve social change around the world and become an agent of such social change. The representative of Time, Inc., however, generally emphasized that the basic motivation for his company's responsible purchasing was an attempt to take preventive measures that would avert risks associated with NGOs. To a large degree this is understandable, given what Time, Inc. produces: as noted above, Time Inc. publishes not only magazines but also catalogues, both of which are connected with a very large amount of paper use. At the same time, society tends to see this as low-value production, insofar as a catalogue, having fulfilled its passing advertising function, immediately goes out of circulation and is thrown away.[84] An analogous motivation for monitoring the chain of custody was found at Tetra Pak, the major production of which is focused around cardboard packaging. Explaining its responsible purchasing policies, Tetra Pak mentioned only possible risks. It is precisely this sort of company, however, that is often faced with NGO-based pressure, so Tetra Pak focuses a great deal of attention on the ecological "friendliness" of its policies and procedures, and is willing to make similar demands of its contractors. Trust guarantees are especially important – both in relation to acquired production and to a product itself – for companies like Tetra Pak.

When Stora Enso's end consumers visited Russian timber enterprises, seminars and mini-conferences associated with the project, their attention was drawn by the peculiarities of Russian manufacturing, which differ vastly from manufacturing policies in the countries from which they had arrived. As a result, during the course of the project, particular emphasis was placed on technical questions of worker safety and a reduction in the number of accidents at the workplace, while other manufacturing policies were left largely aside. Over the course of the project, certain initial objectives were abandoned, including the struggle against corruption, against illegal cutting, and so forth. Upon completion of the project, participants noted that they were not quite capable of changing the system as a whole and that they would simply like to prevent corruption and the use of illegal timber in their chains of custody. Their objective became to prove that even in an imperfect system

84 In relation to Time, Inc. such catalogues are – when possible – not thrown out, but instead recycled.

of forest usage with elements of corruption and other abuses – ones that do little to support the formation of institutionalized trust – it was nonetheless possible, using internal procedures and a verified design, to create a system of trust guarantees in relation to timber arriving in the chain of custody from Russia. Yet timber theft by "black loggers" and their use of corrupt methods were considered unavoidable problems that projects such as the one studied here are incapable of changing. All elements touching upon sustainable forest usage were delegated to the process of certification, which, in and of itself, is a guarantor of trust.

According to statements made by Stora Enso's middle-level managers based in Sweden, concern for the company's image and an attempt to avoid risks were strong motivating factors for their interest in the project. However, along with providing for consumer trust guarantors (in the form of various procedures), certifications and so forth, an affirmation of the need to optimize the very mechanisms that provide for trust comes through clearly in interviews with these managers. When middle-level managers find it necessary to work with various certification systems, they try to reach mutual acceptance between these systems; where this proves impossible, they try – at a minimum – to gain trust in both systems on the part of end consumers. Stora Enso's innovative methods and programs were, in line with such reasoning, aimed at the establishment of a dialogue between different groups that were used to applying one certification system or another, in order to standardize, at least to some degree, mechanisms that would guarantee a certain level of trust in manufacturing processes and the chain of custody. Participation in the Tikhvin-Chalna project was important for Stora Enso, first and foremost, because it allowed the company to establish optimal and standardized procedures capable of providing transparency and verifying the legality of wood supplied by contractors.

When discussing manufacturing processes in Russia with Finnish managers, there is a clear sense that the latter work simultaneously in both countries – Finland and Russia – and are obligated to collaborate with officials on both sides of the border. As such, more often than not they note the post-Perestroika peculiarities of the Russian economy, as well as the remaining traces of the previous Soviet era. If middle-level managers and end consumers alike can be seen in trust-related conversations as giving particular value to institutionalized trust on the part of international stakeholders, the statements of Finnish managers connected with manufacturing processes in Russia are a bit more focused

on the description of various practices that help create interpersonal trust in a Russian context and which influence business processes in Russia. While interviewing these managers, I saw a certain tendency – the same tendency noted by other sociologists involved in the study of post-Perestroika Russia: a lack of trust in the transformation of the government system gave Russians cause to work out special adaptive mechanisms (Minina 2004, 54), especially the formation of business networks through individualized contacts and the winning of interpersonal trust rather than through official institutions or organizations (Zvonovskii 2008, 104). Over time, the post-Perestroika type of relationship, where interpersonal connections were both more important and more effective than institutional ones, has slowly been eliminated. The managers who were interviewed pointed to a growing similarity between the economic environments in Russia and Finland; elements of personal and institutional trust elements have been incrementally coming together as a whole.

There is a significant difference in the understanding of trust constructs among Stora Enso managers: that of the manager in charge of certification and working in a team alongside middle-level managers in Stockholm is hardly the same as that of the managers involved in the manufacturing link (technical directors). The understanding of the manager in Stockholm is quite similar to that of the middle-level managers, insofar as she works together with them on a team: over the course of close collaboration, they have developed similar values in the relevant field. This manager, who is responsible for certification in Russia, discussed the development of mutual relationships with all interested parties, something that is reflected in her trust construct (which is closely aligned with the demands of FSC certification). In contrast, managers who organize manufacturing in Russia construct the idea of trust quite differently. Their trust construct is aimed at the normal functioning of production and an enterprise as a whole: the absence of dual (misleading or illegal) accounting practices, technical implementation and technical safety measures – all of which are part of a manufacturer's "culture" and have a tendency to evoke trust. At the same time, these managers note the price that one has to pay for such trust: the loss of qualified workers due to lower legal salaries, difficulties in the struggle against illegal cutting – given the impossibility of using informal mechanisms to combat illegal cutting – and delays connected with the impossibility of paying bribes.

Conclusion

The current study considered how trust is formed in different links in the chain of custody. As the research showed, the formation of trust occurs differently in each link. Amongst end consumers aiming at forming ideas of trust, the purchased product itself – paper – carries within itself certain value connotations that provide information about social, ecological and even consensus values of its manufacture. This product, moreover, takes on value qualities such as compliance with environmental, social and even democratic norms; the existence of value characteristics gives birth to impersonalized trust. In order to develop this type of trust in a product amongst its consumers, a company publicizes its adherence to policies of responsible purchasing, something that suggests strict monitoring of its chain of contract. Paper purchasers have the objective of forming guarantees that could stimulate this sort of impersonalized trust. This trust is imperative for companies not only because they agree with its underlying values, but also because it improves their image and helps their economic performance in "sensitive" markets.

Amongst managers of a middle-link company that produces paper, the goal was the practical provision of a basis for this trust. These managers are involved in the sorting and working out of trust guarantees, and their actions are aimed at the provision of value-based connotations that could be associated with a product. At the same time they are bound to observe economic equilibrium with other corporate elements and must not undermine economic effectiveness.

Amongst managers of the Finnish offices of a company that produces paper, trust is based, in general, on the observation of legal structures, the timely payment of taxes, and compliance with any and all ecological and social requirements, including international ones. All of this is, for these managers, part of an understanding of responsible business and forms a structure of trust. It is worth noting that when interviewed, Finnish managers are more likely to mention responsibility in relation to their own workers than in relation to a local community.

Amongst Russian managers who are working for a manufacturing organization, trust concepts are connected with the idea of overcoming post-Soviet business practices. To some degree this is, in fact, what is demanded by their product's end consumers.

An analysis of interviews conducted with managers of different links in the chain of custody demonstrates that as one moves along links from the consum-

er to the producer, trust constructs become more and more practically framed. Trust that is founded on value-based connotations amongst consumers is replaced with a more instrumental approach to the formation of trust amongst middle-level managers. For the latter, it is imperative to provide for trust, while at the same time working out certain markers, incorporating practical measures that increase social and ecological responsibility and monitoring to make sure that these measures do not have a negative effect on profits. At the level of production-link managers, the trust construct becomes even more bound up with day-to-day practices. Here trust is understood as a business norm that ought to be observed. In this way, the generally broad trust construct – including a large number of value-based connotations – decreases in its movement along the chain of custody to the place of forest production and in the end comes close to the provision of "normal" business – that is, nothing more than a practical day-to-day approach. The differences that can be seen in trust constructs in different links in the chain of custody are attributable to two factors: first, the objectives held by each individual link in the chain (and with the instrumental components that are superimposed on the link) and, second, the fact that a trust construct is always connected with the value system of one link or another. Thus, in the Russian manufacturing link, consensus values – although given a great deal of weight by end users – in no way figure into trust constructs and are replaced with little more than an instrumental approach – one in which trust is equivalent to the norms and requirements of the manufacturer itself. In this way, the research has shown that, to some degree, the development of trust markers is a business strategy, protecting a business from risks and allowing for successful business operations in "sensitive" markets and the development of significant market advantages.

References

ALEXEEVA, A.U. (2008). Obobschennoe doverie I mezlichnostnoe doverie: kriterii razlichia. *Sotsialnaya realnost. Sotsiologia: zapas znania* 7, 85–98.

CONROY, M. (2007). *Branded! How the 'certification revolution' is transforming global corporations.* Cabriola Island: New Society Publishers.

CASHORE, B. (2002). Legitimacy and the privatization of environmental governance: How non-state market-driven governance systems gain rule-making authority. *Governance Journal* 15, 221–262.

FUKUYAMA, F. (1995). *Trust: The social virtues and the creation of prosperity*. New York: The Free Press.

GAMBETTA, D. (1988). Can we trust trust? In D. Gambetta (Ed.), *Trust: Making and breaking cooperative relations*, pp. 213–237. Oxford: Blackwell.

GIDDENS, A. (1990). *The consequences of ,odernity*. Cambridge: Polity Press.

GIDDENS, A. (1994). Risk, trust, reflexivity. In A. Giddens & S. Lash (Eds.), *Reflexive modernization: Politics, tradition, and aesthetics in the modern social order*, pp. 194–197. Polity Press: Cambridge.

HARDIN, R. (2002). *Trust and trustworthiness*. New York: Russell Sage Foundation.

KAPUSTKINA E. (2004). Doverie I predprinimatelstvo. Ekonomika I sotsiologia doveria, pod redaktsiei Ju.V.Veselova, Spb: Sotsiologicheskoe obshestvo im M.M. Kovalevskogo, ss. 89–108.

KHELMAN, K.U. (2004). Doverie k rinkam. Ekonomika I sotsiologia doveria, pod redaktsiei Ju.V.Veselova, Spb: Sotsiologicheskoe obshestvo im M.M. Kovalevskogo, ss. 38–62.

KORTELAINEN, J. & NYSTÉN-HAARALA, S. (2009). Construction of trust in Russian mill towns. In S. Nystén-Haarala (Ed.), *The changing governance of renewable natural resources in Northwest Russia*, pp.149–168. Farnham: Ashgate.

LEVI, M. (1998). A state of trust. In V. Braithwaite & M. Levi (Eds.), *Trust and governance*, pp. 77–101. New York: Russell Sage Foundation.

LUHMAN, N. (2000). Familiarity, confidence, trust: Making and breaking cooperative relations. In D. Gambetta (Ed.), *Trust: Making and breaking cooperative relations*, 94–107. Oxford: University of Oxford.

MCDERMOTT, C. (2003). Personal trust and trust in abstract systems. A study of Forest Stewardship Council-accredited certification in British Columbia. PhD Dissertation. Vancouver: University of British Columbia.

MEYER, S., WARD, P., COVENEY, J. & ROGERS, W. (2008). Trust in the health system: An analysis and extension of the social theories of Giddens and Luhmann. *WHICH Journal* 17(2), 177–186.

MININA, V.N. (2004) Nedoverie k gosudarstvennim institutam v sovetskom obshestve. In: *Ekonomika I sotsiologia doveria*, pod redaktsiei Ju.V.Veselova, Spb: Sotsiologicheskoe obshestvo im M.M. Kovalevskogo, pp. 150–167.

MISZTAL, B. (1996). *Trust in modern society*. Cambridge: Polity Press.

O'ROURKE, D. (2005). Market movements. Nongovernmental organization strategies to influence global production and consumption. *Journal of Industrial Ecology* 9(1–2), 115–128.

PARSONS, T. (1947). *Max Weber: The theory of social and economic organization*. New York: Oxford University Press.

RADAEV, V. (2003). *Sotsiologia rinkov: k formirovaniu novogo napravlenia*. Moskva: GU-VCHE.

SHAPIRO, S.P. (1987). The social control of impersonal trust. *American Journal of Sociology* 93(3), 623–658.

TYSIACHNIOUK, M. (2008). Adaptatsia biznesa transnatsionalnich korporatsii k rossiiskomu kontekstu na primere kompanii Stora Enso. Ekonomicheskaya Sotsiologia 9(4), 56–72.

TYSIACHNIOUK, M. (2009). Conflict as a form of governance: The market campaign to save the Karelian forests. In S. Nystén-Haarala (Ed.), *The changing governance of renewable natural resources in Northwest Russia*, pp. 169–196. Farnham: Ashgate.

TYSIACHNIOUK, M. (2010). Novie podchodi k analizu transgranichnich obshestvennich dvizenii v usloviach globalizatsii, *Zurnal Sotsiologii b Sotsialnoi Antropologii*, Spetsialnii Vipusk: "Internatsionalizatsia, doverie I mnogoaktornoe upravlenie prirodnimi resursami", red Tysaichniouk, 38–62.

TYSIACHNIOUK, M. (2012). Fostering transparency in the transnational supply chain: From Russian forest producers to consumers in Europe and the USA. *Forest Policy and Economics* (in press).

VESELOV, J.V. (2004). Sotsiologicheskaya teoria doveria. V: *Ekonomika I sotsiologia doveria*, pod redaktsiei Ju.V. Veselova, Spb: Sotsiologicheskoe obshestvo im M.M. Kovalevskogo, 2004, pp. 16–32.

ZVONOVSKII, V. (2008). Povsednevnoe bezlichnoe doverie kak factor choziaistvennoi deyatelnosti. *Sotsialnaya realnost. Sotsiologia: zapas znania* 7, 99–109.

CHAPTER 10

Karolina Banul

MAPPING RENEWABLE ENERGY POLICIES IN THE BARENTS REGION FROM A MULTILEVEL GOVERNANCE PERSPECTIVE

Introduction

Investment in research and technology development, as well as commercial projects related to renewable energy, has been growing gradually in the Barents Region during the last decade. Consequently, the development of the renewable energy sector has been recently identified as a megatrend in the Arctic. This new trend is important for three main reasons. First, those 'low-carbon' technologies decrease the level of emissions and balance the consumption of fossil fuels. For those reasons, renewable energy is a mitigating and adaptive measure that combats the effects of climate change and contributes to environmental protection. Secondly, it is a new, intensively developing branch of industry that creates potential prospects for new jobs and economic growth. Thirdly, given the conditions of the Arctic climate and remoteness, it is an essential issue for security, especially in small isolated communities, to have access to reliable supplies of energy. Accordingly, renewable energy technology emerges as a core element in the pathway to sustainable socio-economic development in the Arctic.

Nevertheless, the generation of energy from renewable sources is still not economically competitive in comparison to energy generated from fossil fuels. For this reason, the involvement of political measures and the prices of conventional energy sources on the global market are crucial for the stimulation of investments – both public and private – in energy solutions using alternative supplies. This chapter describes the development of the renewable energy sector within the Barents Region and analyzes various policy practices relating to that issue from the perspective of multilevel governance. Using five regional case studies drawn from members of the Barents Euro-Arctic Council, the study identifies and compares interests and actors that play a leading role in the governance of renewable energy. The research material includes

policy documents, reports and statistical data, as well as media materials. I argue that the regional capacity to influence the development of renewable energy and political engagement varies within the cases studied in the Barents Region. However, the development of alternative energy solutions at the regional level is led by national policy goals and pressure from international organizations.

Renewable energy in the Barents Region

Renewable energy is produced from natural, constantly replenished processes and renewable resources, and it may take various forms, such as solar energy, wind power, bio-energy, geothermal, tidal and hydropower (International Energy Agency 2011). Analysis of the data presenting electricity generation within the Arctic shows that the Barents Region definitely takes the lead in power production from renewable sources. In Norway the long tradition of the hydropower industry give it dominance in the regional energy balances in the High North. Due to rich timber resources and the forest industry in northern Finland and Sweden, bio-energy also appears as a significant regional source of energy supplies. Finally, a new generation of technologies utilizing wind, solar and ocean energy is intensively developing in the Barents Region, especially in the Scandinavian part (Rasmussen et al. 2011, 153). Wind power, in particular, is the focus of new investments in the European High North (Rautajoki 2012, 22).

Because of the exceptional vulnerability of Arctic nature and livelihoods, measures for adapting to, mitigating and preventing the consequences of climate change are an important issue in the political agenda of regional and intergovernmental organizations acting in the European North. Several regional cooperative bodies, such as the Barents Euro-Arctic Council (BEAC), the Arctic Council (AC) and the Nordic Council of Ministers (NCM), deal with renewable energy as a cross-cutting issue that contributes to the main goals of their activity: environment protection and the stimulation of sustainability in socio-economic development. From a political perspective, the Barents Region is a territorial configuration (Painter and Jeffrey 2009) that originates from a security policy and intends to overcome challenges related to economic development, social problems and environmental hazards. Therefore, the Barents intergovernmental and regional structures cooperate in order to ensure sustain-

able development and economic growth, and consequently neutralize conflicts and provide stability in the region (Pettersen 2002).

The concept of '*governance*' can be applied to various disciplines in the social sciences and a wide range of issues. It refers to the structures of power and processes of regulating and controlling the contemporary world (Bovaird and Loffler 2003, 163-164). Due to its multidisciplinary nature, it has been used to describe complex relations among various actors and actions undertaken by them in the policy-shaping and policy-making process. The literature lists five types and principal areas where the concept has been applied: 1) economic development and 'good governance', 2) 'governance without government' in international regimes, 3) 'corporate governance' in the private sector, 4) New Public Management within public administration, and 5) 'negotiated social governance', which includes organizations of civil society and various actors in the process of decision making and policy formulation (Hirst 2000, 14-19). Multi-level governance is described as a process of decision making that is the result of interaction among multiple agencies representing public and private interests and acting at various territorial levels (Keskitalo 2010, 4). In addition the process of networking among multiple political actors, as well as their relations with non-governmental organisations, takes place in horizontal (sector) and vertical (territorial) 'governance' dimensions (Nystén-Haarala and Kotilainen 2009, 12).

National decision-makers have to face problems concerning energy security, while simultaneously under pressure from the international community to tackle global challenges related to climate change and environmental protection. Measures to adapt to climate change require multidimensional coordination and governance including multiple institutions and political actors making decisions or undertaking actions at the international, state and local levels (Keskitalo 2010, 4). As for renewable energy, practices of governance include law, regulations, policies and their instruments and strategies, as well as the funding of programmes and facilitating of projects. Networks of agencies appear within public institutions, producers, consumers, and interest groups that benefit from the development of green energy or resist it. Questions that need studying include how actions at the regional level depend on the national context and what the role of international regional organizations and European Union (EU) frameworks is, as well as the role of local and non-governmental actors in renewable energy development in the Barents Region.

Regional governance of renewable energy in the context of national policies

The following section presents five cases of renewable energy development and governance within Nordland, Finnmark, Murmansk, Lapland, and Norrbotten in the context of two national strategies – energy and climate policies – as well as their strategies for the Arctic. Furthermore, in the case of Finland and Sweden, the study starts with an analysis of the EU's energy strategy and policy on Arctic issues. Therefore, those regional cases, which are nested in a national and European context, may highlight aspects of multi-level governance such as planning systems at different territorial levels, public-private partnerships, and the participation of various stakeholders in national and international networks dealing with renewable energy and influencing policy-making in the Barents Region.

The Norwegian High North - Support for local communities in Nordland, and supplying electricity for the petroleum industry in Finnmark

Regarding renewable energy development in the High North, the role of the state appears first of all within the national planning system. The *Norwegian Climate Policy* sets two long-term targets: to reduce global greenhouse gas emissions by the equivalent of 30% from its 1990 emissions level by 2020, and to become carbon neutral by 2050. Additionally, on a voluntary basis the Norwegian government wants to strengthen its Kyoto commitment by 10%, which corresponds to 9% below the 1990 level. However, those emission reductions should be achieved through domestic actions. In the Norwegian High North, the role of the state first of all appears within national planning system. Regarding renewable energy, the *Norwegian Climate Policy* sets three overall targets: being carbon neutral until 2050, reducing the greenhouse gas emissions by 30% until 2020, supporting Kyoto commitment by 10% points. As a general way to meet those goals, domestic climate policy plans to develop climate-friendly technologies, and expects a transition to CO2-neutral fuels (bio-ethanol, biodiesel, biogas and hydrogen) in transport, CO2-neutral heating (greater use of biomass, more effective use of solar heat and heat pumps), and "*new renewables*" in electricity (wind power and small hydropower plants). Policy instruments such as the emissions trading scheme and CO2 taxes are economical and gen-

erally have a cross-sector character. Nevertheless, an exception among financial instruments is *feed-in tariffs*. Since 2008 they have been provided only for wind power producers. Furthermore, an awareness campaign initiated by the government provides information about opportunities for change to individuals, private companies and local governments. Finally, the document states that each municipality should have its own climate strategy (Norwegian Ministry of the Environment 2006).

The importance of the High North for the national interests of Norway is reflected by the establishment of a separate planning document for the region. The *Strategy for the High North* highlights prospects for the development of renewable energy, particularly in Finnmark, and stresses economic opportunities for business activity in northern areas (Norwegian Ministry of Foreign Affairs 2006). Updated in 2009, the strategy confirms previous statements and especially emphasizes the potential of wind energy and small-scale water power plants. Nevertheless, if northern areas want to take advantage of those new opportunities, they need to upgrade the electric power infrastructure, particularly the transmission grid[85] (Norwegian Ministry of Foreign Affairs 2009).

Rich reserves of hydrocarbons and electric power that is produced almost entirely (more than 95% in 2009) from hydropower provides energy self-sufficiency and security in Norway (NVE 2009a). Concerning the northern regions the analysis confirms the vast potential of other renewable sources. Firstly, it forecasts a boost in the utilization of wind energy as soon as technology appropriate for arctic conditions becomes more available. Especially the combined use of wind and hydropower was identified as a remarkable option for remote areas in Northern Norway. Secondly, ocean power emerges as an interesting possibility, but not as a substantial source of energy. Finally, using photovoltaic technology to produce electricity was too expensive and so far has been undervalued in the northern regions. However, the study emphasizes that solar power may be an attractive solution as a supplementary source of heating (Nordic Council of Ministers 2006).

The assumptions above concerning development trends seem to correspond with reality. It appears that the three Northern Norwegian provinces are

85 Increased capacity will be essential for phase II of the Snøhvit development. The production of large amounts of wind power in Finnmark and new processing plants in eastern Finnmark will create a need for 420 kV transmission lines from Skaidi to Varangerbotn and from Varangerbotn to Finland. Preliminary estimates put the necessary investments at NOK 1.4 billion.

particularly interested in developing wind power. According to the Norwegian Water Resources and Energy Directorate, within all three of those counties, 37 wind energy projects are under consideration (including 4 offshore), 11 have been given concessions, and the scheduling of 6 has been completed (NVE 2009b). Local media have also reported on two large-scale wind-energy projects. In 2009 local media announced that Troms Kraft had invested in a windmill park at Vannøya. The Fakken project is expected to start generating power in 2012 and provide energy to 9000 households in the region (BarentsObserver 2009a). One year later, Varanger Kraft got permission to install ten windmills in Berlevåg, Eastern Finnmark. The first phase of the Rákkocearro project should be completed by 2013. The second phase, however, depends on grid capacity, which has to be upgraded in order to extend the number of windmills to 70 (BarentsObserver 2010a). In addition, research and development projects for ocean power are continuously being undertaken in Northern Norway. In addition to the Hammerfest Strøm, a floating tidal power plant named Morlid II has been patented by the company Hydra Tidal. The tidal turbines were installed in Gimsøy stream in Lofoten, Nordland County. The two-year testing period began in 2010 (Renewable Energy Focus 2010). Furthermore, on-going research on the most effective methods and proper machinery for converting wave power into electricity is being conducted at the Norwegian Technology University. Therefore, the use of wave energy in the arctic climate may become possible in the future (Cappa 2010).

Together with research projects and private sector initiatives, regional authorities are also paying special attention to opportunities created by green energy development in the High North. The role of authorities in policy-making at the regional level may be either limited to implementation of state regulations that contribute to national goals or extend to independent decisions that reflect local and regional interests. Regarding renewable energy, practices of governance in Nordland and Finnmark appear as regional plans and strategies for climate and energy, as well as particular projects and programmes.

In Nordland, a regional policy addressing the environmental challenges was adopted in April 2011. The mission is to meet the national targets as well as targets related to the Kyoto Protocol for reducing greenhouse gas emissions. In order to contribute to this overall objective, the *Regional Plan - Climate challenges in Nordland* sets 3 main goals: (1) to reduce emissions by 20% of the 1991 level, (2) to focus on the potential of renewable energy and energy efficiency, and (3)

to decrease the region's vulnerability to climate change and enhance its capacity to adapt (Nordland County Council 2011). The county takes independent actions as well as initiating various measures in cooperation with other actors across sectors and administrative levels. The policy for renewable energy targets wind energy and small hydro power, which is specified in two separate documents. The first, *Regional Plan for Wind Power in Nordland,* includes strategies for the development of wind farms and guidelines for licensing. The priority is to give authorization to projects in areas where it is estimated that there will be minimal impact on the environment and public interests (Nordland County Council 2010). The assessment of the location for each project should take into consideration not only wind resources and power line capacity, but also its effect on areas covered by various types of protection, the landscape, biodiversity, interference-free natural areas in Norway, cultural heritage, the outdoors, reindeer herding, tourism, and natural resources. The Council declares its intention to improve knowledge about land use conflicts. Thus, it works in cooperation with the reindeer herding industry and the Norwegian Water Resources and Energy Directorate (Nordland County Council 2009). The authorities also held public consultation regarding *Regional plan for small hydro power plants* from March to May 2011 in order to assess the level of potential conflict for small hydro power projects. This second document established overall strategies and targets to be met by 2025, as well as thematic guidelines for new hydropower development in Nordland. Localization of small hydroelectric power plants will be prioritized in areas where: (1) population decline and the opportunities for economic development are limited, (2) aquaculture facilities use the same water supply, (3) the possibilities for establishing a new power infrastructure capable of meeting local energy needs are limited. The plan also established guidelines for municipalities and requirements for project applicants. Thus, potential investments must comply with rules similar to the assessment used in the case of wind power (Nordland County Council 2011).

In Finnmark, the energy sector is one of the main areas of industry. Hence, the county's vision for economic development is to become a leading energy region in the national and European context. Regional authorities established the policy in two documents: *Regional Development Programme 2010-2013* and *Energy Strategy for Finnmark 2010-2013.* The first is equally focused on the petroleum sector and promising opportunities for renewable energy sources. The first area has already been recognised as a driving force for regional de-

velopment. However, Finnmark, with its large wind power resources, wants to contribute to the further of wind power and strengthen its own position in Northern Norway. For that reason, the regional authority is committed to developing a new potential to work on local competences and ownership, which will play a role in increasing incomes and welfare within the municipalities of the region (Finnmark County Authority 2010a). This idea is expressed as one of the main goals in *Energy Strategy for Finnmark:* "to become a major supplier of renewable energy based on profitable development solutions providing high value back to the community" (Finnmark County Authority 2010b, 14).

The analysis of the current situation recognized a number of challenges: the lack of capacity in the transmission grid, a need for land-use plans in relation to wind power, weak expertise and knowledge exchange within the industry sector, a low level of awareness among public and private actors about strict environmental requirements related to the implementation of renewable energy projects, and finally no educational environment or strong research institutions that could provide a basis for the development of advanced technology. The weaknesses described above hamper larger investment in wind power and other renewable energy projects. For that reason, the county set plans to overcome the difficulties through various policy measures and key actions directed at the business sector, research and educational institutions. Some examples of those actions are: the establishment of a dialogue forum for renewable energy between authorities and business, setting climate targets for energy consumption in industry, and investigation of possibilities to establish a national centre for wind energy in Finnmark (Finnmark County Authority 2010b). Furthermore, using political influence, regional authorities pledged to improve the general framework and promote projects that facilitate the use of wind power, tidal power and other renewable energy sources. The most important goal is to work on upgrading the line capacity within and out of the county, which has two purposes. First, energy export and partnership with Murmansk Oblast are key actions within *International Strategies for Finnmark County Authority 2011-2014* (Finnmark County Authority 2010c). The second aim is to use power from renewable sources produced in the region to supply electricity for petroleum-related activities (Finnmark County Authority 2010b, 15). In the context of sustainable development, the goal of which is to replace fossil fuels by renewable energy sources, developing green energy for this purpose is quite controversial. Nevertheless, without an upgraded transition grid, putting any of these objectives into practice is not possible.

In the description of the situation in Northern Norway above, two different patterns of development appear. The significance of clean energy generation for regional and national interests has been recognized by both Finnmark and Nordland. However, each region has focused on a different aspect of renewable energy development in its policies. In Nordland, the mission of the policy addresses global interests and problems. However, the development of the targeted technologies – wind and small hydro power – is not without restrictions and special rules. The intention is that new investments should emerge from local energy needs. Their implementation would occur only if they appear to be the most effective way to meet those needs and do not hinder other local activities. Thus, the county balances different interests among regional actors, who are involved in policy formulation or at least allowed to express their positions, and other national, as well as global, agencies. Finnmark, on the other hand, is focused on the economic aspect of renewable energy and the region's contribution to national energy plans. The county's authorities appear as the main 'agitator' to develop facilities and a good climate for renewable energy sources. However, the aim is not to completely phase out the extraction of fossil fuels, which is a very important industry in the region, but to support it by supplying low-carbon electricity. In addition, as mentioned in the policy documents, the returning of value to the local community most probably means benefits and economic profits from energy export, not local consumption.

Murmansk Oblast – the pioneering region in the Russian Federation or the centre for Arctic investment projects.

In 2010 the federal government approved the Russian energy strategy, which presents long-term guidelines for the energy sector and acknowledges that the potential for green energy exists on the domestic market. Nevertheless, the development of green energy requires closer cooperation with international partners that will provide scientific and technical support. The target of the policy is to increase the share of renewables in electricity production and consumption from 0.5 to 4.5% roughly by 2020. The measures set by the state include repayments for electricity produced using renewable resources, support instruments for research and business, the creation of favorable conditions, and relevant legislation to attract off-budget investments. In the context of the Arctic region, the federal government regards green energy mainly as a way of

providing reliable energy supplies to local communities, especially in remote, isolated areas that are not connected to central energy networks. In particular, tidal power, wind power, and local energy production based on thermal power plants running on bio-fuels will be promoted (The Ministry of Energy of the Russian Federation 2010). The Russian strategy for the Arctic refers to renewable and local energy sources with regard to socio-economic development and describes the use of these sources as a measure for the stabilization of economic mechanisms of "northern delivery" (The Security Council of the Russian Federation 2008). The Russian Arctic has vast reserves of hydro-carbons. Similarly to Norway, their exploitation and export provides substantial revenues for the state budget and benefits for the regional economy. In that situation, investment in expensive technology for alternative sources that are operative in arctic conditions is not a priority. Consequently, fossil fuels, supplemented by hydro-and nuclear power to varying degrees, dominate in electricity production within the northern regions of Russia (CENTEK AB 2010).

In Murmansk Oblast, with the exception of hydro energy, other types of renewables are undeveloped. It has been estimated that the enormous potential of non-conventional sources may replace traditional ones in the region. The prospects for wind energy are especially good as it may be successfully developed in two forms: autonomous converters for decentralized consumers, and system-based elements operating as part of the grid. Nevertheless, official figures state that the centralized Kola energy system covers half of the region's territory and serves 99% of the population. The Kola nuclear power plant supplies approximately 50-60% of the regional energy needs. The rest is provided by 17 hydro-electric stations and 5 heating stations (operating on fossil fuels). However, small and remote villages which are not integrated into the central system use diesel generators. In addition, regional energy self-sufficiency makes it possible to sell part of the power generated to Archangelsk Oblast and the Republic of Karelia (Minin and Dmitriev 2006).

Current experience shows that wind and tidal energy projects are being developed by foreign investors and Russian companies as well. The Dutch company Windlife Energy BV is developing a windmill park near Teriberka. (BarentsObserver 2008a) It was established with the idea of providing energy for the Shtokman gas fields, but it seems there is little interest on the part of Gasprom. However, the project is expected to deliver clean energy to 190,000 households and should be completed in 2013 (BarentsObserver 2010b). Russian compa-

nies are investing in building windmill parks as well: Russkii Veter in Pechenga (BarentsObserver 2008b) and RusHydro in Ura Bay. The latter investment will be a backup supply for the tidal power plant located near Kislogubskaya station (BarentsObserver 2009b). The same company has constructed the Northern Tidal Power Plant in Dolgaya-Vostochnaya Bay. It was estimated that the implementation of the project would take three years (BarentsObserver 2009c); thus it should be in operation by 2012. Finally, the biggest Russian shipbuilding company – Sevmash – has been awarded the contract to build the Kolskaya Tidal Power Plant, which will be located near the military town of Vidyaevo about 80 km west of Murmansk city (BarentsObserver 2008c).

The political declarations on the subject of renewable energy that have been made during the last few years in Murmansk reflect the role of regional authorities. In 2006, the governor of Murmansk announced support for a 20% share of wind-power in the energy balance by 2020, the target proposed by environmental groups. In addition, two subordinate bodies - the Working Group on Renewable Energy and the Oblast Committee for Nature Protection - were established in 2007 within the regional administration (Minin and Dmitriev 2006, 115). Regional politicians were particularly interested in wind power opportunities and investments, so they provided funding for a development programme (Senova 2011). The governor - Yuri Yevdokimov - strongly supported the construction plan for the windmill park in Teriberka, as it could provide electricity for the Shtockman project's facilities. In 2008 the Murmansk Commission on Industrial Development approved the proposals of two companies - Windlife and Russkii Veter - for the construction of windmills along the Barents Sea. Nevertheless, the administration stressed that the park should contribute to the development of new industrial activity and the modernization of grid lines within the region (BarentsObserver 2008d). Those plans were seen as a unique opportunity for Murmansk Oblast to become a pioneering region in the development of alternative energy in all of Russia. Finally in January 2009, a wind power programme was drafted with the goal of providing 7.5% of energy by wind power by 2015 (Senova 2011). But three months later the position of regional Governor in Murmansk was filled by Dmitry Dmitriyenko, and the programme has not yet been adopted. During a meeting with Dutch company managers, the new Governor stated that the rapid implementation of this wind-power project is in the interests of the region and assured them of his support for alternative energy solutions in the region (BarentsObserver 2009d).

However, it seems that since the political change, the regional administration has less interest in plans for the development of innovations in Murmansk Oblast (Staalesen 2011), particularly in light of *The Strategy for Socio-economic Development*, which was approved by the regional authority in 2010. According to this document, the regional vision is to become the centre for Arctic development. Such an idea would demand a shift from current resource-based industry structures to new technologies and an innovative economy. Carbon-neutral and new energy solutions are taken into account in the *Strategy 2025* as one of the directions for further activity. However, arctic investment projects – transport infrastructure, the processing of minerals, and highly-developed industry – were defined as driving factors in regional development (BarentsNova 2010).

The scientific community and environmental organisations have an important role to play in advocating for the utilization of the clean energy potential of Murmansk. The Bellona Foundation and the Centre for Renewable Energy provide independent information and organise workshops, seminars and meetings in order to raise awareness and disseminate knowledge about low-carbon energy solutions to all stakeholders. The Russian Association of Wind Industry works to promote renewable energy within industries and the business sector. The Russian Socio-Ecological Union is focused on society, and its mission is to educate energy consumers through various information initiatives. For instance, a media tour was held in Murmansk region to demonstrate local examples of low-carbon solutions. The campaign has presented local initiatives for energy efficiency and clean energy supplies (Senova 2011), demonstrating potential benefits for local communities, as well as recommendations for decision-makers on how to improve the energy system in Murmansk Oblast. Those projects have shown that the small-scale clean energy plans are hampered mostly by a lack of financial support and by structural barriers in the energy system, which, in turn, create a monopoly situation. When the consumers reduce energy consumption due to efficient solutions, the energy suppliers often increase the tariffs. Environmental organisations advocate the introduction of special tariffs or *green certificates*, because such economic measures would allow consumers to get benefits and suppliers additional income, thus attracting investment in clean energy solutions. Moreover, the United Nations Environmental Programme has recently opened an office in Russia that monitors the climate change situation, as well as preparing recommendations for climate policy in the Russian Arctic (UNEP 2009).

The renewable energy sector in all of Russia remains at an early stage of development, and the northern regions are no exception. The national target of 4.5% for renewables in energy production by 2020 is not very ambitious compared with the goals of Russia's Nordic neighbours. Nevertheless, given the weak political commitment to the promotion of renewable energy and faint state support, even this aim may be difficult to achieve. Murmansk Oblast with its good natural conditions has the potential to become a pioneering region in the development of alternative energy in Russia. However, the initiatives undertaken by the regional authorities have been slowed down by the lack of complementary federal priorities and governmental subsidies. Undoubtedly, it is the civil society and the international agencies that appear as the main 'promoters' and that have more interest in renewable energy development than the national government. Therefore, private investors and non-governmental organizations play the leading role and have the capacity to transform the situation.

'Wind colonialism' in Norrbotten and regional benefits from renewables in Lapland

The development of renewable energy sources in northern Sweden and Finland must be considered in the general context of EU plans to shift to a low-carbon economy, as well as growing EU interest in the Arctic, as expressed in the communication *The European Union and the Arctic Region*. The EU Arctic policy is aimed at limiting emissions and mitigating the negative effects of climate change (European Commission 2008) that will have a major impact on the coastal countries of Europe, as well as on climate-dependent sectors of the economy, including renewable energy. Furthermore, the ambition of *EU Energy Strategy by 2020* is to provide security of supply, competitiveness, and sustainability. The policy's goal is to have a 20% share of renewables in the EU energy mix by 2020. Moreover, the *Directive on renewable energy* established a mandatory target of renewables within the transport and electricity system for each member state. The EU Commission has also introduced a number of policy measures, initiatives and institutions, as well as funding, to achieve those targets and promote clean energy production. Finland and Sweden were therefore obliged to prepare National Renewable Energy Action Plans. These plans include national guidelines to achieve the renewable energy goals set by the directive: 38% in Finland and 49% in Sweden (European Union 2009). In

addition, regions and towns in Northern Sweden and Finland participate in EU initiatives involving local and regional authorities in actions aimed at increasing energy efficiency and the use of renewable energy sources in their territories. Finally, the EU contributes to capacity building by funding research projects and providing scientific input on policy processes.

Swedish objectives in the energy sector by 2020 are: 50% of the energy produced from renewable sources, including 10% in the transport sector, and a 40% reduction in greenhouse gas emissions. In the long-term perspective, the plan is to completely phase out fossil fuels from heating by 2020 and from transport by 2030 through the development of bio-fuels. In order to reduce its dependence on nuclear and hydropower, Sweden wants to increase the share of wind power in electricity production, and therefore has set targets for it on the order of 30 TWh by 2020. General economic instruments to promote renewable energy are: (1) a carbon dioxide tax and fuel taxes, (2) international emissions trading, (3) certificates for renewable electricity, and (4) a Clean Development Mechanism (CDM). In addition, the government plans to invest in the research and development sector and remove institutional barriers to transition to an "eco-efficient economy" based on clean energy supplies (Government Offices of Sweden 2009).

In Norrbotten County hydropower plants produce 11% of Sweden's total electricity supply. The county's self-sufficiency results in half of the generated electricity being transmitted to other parts of the country. In addition, around 75% of the regional energy demand is consumed by primary industries (ClimAct Regions 2011). However, studies on wind power generation are being conducted at several sites across northern Sweden. Due to market forces and state incentives, wind power generation is expected to increase significantly in the coming years (ÅF-Infrastructure AB 2010). The construction of a wind park near Piteå has strategic importance for European and national interests. The Markbygdens project was approved by the Swedish government in March 2010, and its production may cover half of Swedish targets for wind energy production by 2020 (Invest in Norrbotten 2011a). It will be one of the biggest on-shore wind power parks in Europe, including 1100 windmills in an area of about 450 square kilometres. The project is owned by Svevind AB (75%) and developed in partnership with the German company Enercon (25%), one of the world's largest wind turbine manufacturers (BarentsObserver 2010c). The park should be completed and start operating by 2020. The decision concern-

ing its location was made not only because of the wind conditions, but also the infrastructure – crossing highways and transmission lines – that are necessary to deliver generated power to the grid. Moreover, two hydropower plants are nearby, so they can provide backup energy when the wind speed weakens (Vindkraftcentrum i Barentsregionen 2011). All those investments are expected to generate a demand for a skilled labour force and create opportunities for business development as well as further research. For that reason, the local authorities have made efforts to take advantage of the emerging prospects and transform Piteå into the wind energy centre for the entire Barents Region.

On the other hand, new wind farms constructed in northern Sweden are a matter of serious concern and protests among the Sami community. Reindeer herders claim that large-scale wind farms – such as the afore-mentioned Markbygden project – would affect the reindeer industry. It would limit the movement of herds between seasonal grazing lands and endanger the animals. Members of the Sami Parliament described it as "the latest chapter in a longstanding struggle between Sámi reindeer herders and industrial interests" (Reindeer blog 2010) and accused the authorities of "lack of consultation, the disrespect of the rights of the reindeer herding communities and the absence of will to give the Sámi villages fair compensation for loss of land and livelihoods" (Baer 2011). Nevertheless, Svevind – the company owning the project – offered to pay appropriate compensations and declared its willingness to engage in further negotiations in order to reach an optimal solution. The project's supporters admit that the wind farm will affect reindeer herding, especially during the construction phase. However, most of the work is planned for summer time, when the herds are in different areas. In addition, the supporters claim that there will be very little or no impact when the turbines are in operation (Lundmark 2011). It is an example of clashing local and national interests and the continuation of a conflict between Sami rights to land-use and the economic development promoted by national and regional authorities.

Apart from wind energy, the development of low-carbon energy schemes is also underway. A pilot project for small hydropower in Kukkola on the Torne River began in 2010 and is scheduled to be completed in three years. Luleå University of Technology is a leader of the project, which is financed by the EU along with participating companies from Sweden, Norway and Finland (Noe-Energy 2011a). In addition, there is currently a focus on wood technology, biomass and fuels produced from crops and peat. Research projects on

bio-refining technology in Solander Science Park in Piteå and the development of bio-fuels at Luleå University of Technology are currently being carried out (Invest in Norrbotten 2011b).

The Swedish national policy is aimed at strengthening regional and municipal work on climate and energy. As a consequence, the government has allocated substantial subsidies for all municipalities and counties which agree to work actively on energy efficiency. The Norrbotten County Council has approved two documents establishing its regional energy policy: "*Climate and Energy Strategy for the County of Norrbotten*" in 2008 and "*Action plan for climate and energy work in Norrbotten*" in 2009 (County Administrative Board 2009). The Swedish government has also chosen Norrbotten as a pilot region for green development. This means that the county is obliged to cooperate closely with regional and local actors in industry, government, and non-profit organisations. That linkage between various regional stakeholders will support a shift to green development, climate change mitigation and energy transition at the regional level (County Administrative Board 2010).

Northern Sweden co-operates on energy issues with various regional initiatives or bodies, such as the Conference of Peripheral Maritime Regions of Europe (CPMR) and the Joint Energy Working Group of the Barents Euro-Arctic Council (BEAC JEWG). In addition, both regions implement common actions and projects such as Energy Cooperation North, Biofuel Region, the Norrbotten and Västerbotten Energy and Climate Offensive (NV Eko), and VindFyr (County Administrative Board 2011). In 1997 one of the local and regional energy agencies was founded in the region. Norrbotten Energy Network (NENET) is an independent, non-profit organisation owned by municipalities and the county of Norrbotten. Since 2010 it has also worked on the territory of Västerbotten. The agency is a partner in an EU Interreg project - Regions for climate protection towards governance, from knowledge to action (Climact Regions). The project's goal is to disseminate information on regional strategies, policies and measures for climate protection and sustainable development (Norrbotten Energy Network 28.08.2011). In addition, the Swedish northern towns of Lycksele, Piteå, and Jokkmokk are also signatories of the Covenant of Mayors – a voluntary European movement that involves local authorities in working towards sustainable energy.

Additionally, a regional cooperation platform – *Network of Expertise for Energy in Cold Climate* (Noe-Energy) – was established in order to create a good

environment for technical development to achieve renewable energy solutions. Within the project, seminars and workshops are organized to exchange information and bring together policy makers, financial institutions and players from the whole value chain, from applied research to commercialized product. Thus, new innovations and products in the field of renewable energy sources and energy efficiency will be commercialized in the northern regions of Norway, Sweden and Finland (Noe-Energy 2011b).

The Finnish energy policy was established in the same EU context. The goal of the policy is to increase the share of renewable energy to 38% in total final energy consumption by 2020. Considering the technological potential and Finland's extensive wood resources, priority will be given to wood-based energy, waste fuels, heat pumps, and biogas. Furthermore, wind power plants are acceptable for environmental requirements, thus they should become financially profitable. Moreover, the Finnish government has issued a permit for a nuclear power plant near Oulu (Ministry of Employment and the Economy 2010a). The newly implemented policy instrument – the *feed-in tariff* system – provides a state subsidy for electricity produced from wind power, biogas and wood fuel (Ministry of Employment and the Economy2010b). The aim is to equalize the price of energy produced from renewable sources[86] with that of energy produced from fossil fuels (Ministry of Employment and the Economy 2010c). In addition, a variety of energy taxes was imposed on oil products, fossil fuels and electricity in order to stimulate the market and encourage the increasing use of clean technologies. Finally, a supportive institution – Motivia Oy – serves as an information and research centre. Funding instruments for alternative energy solutions are provided by the Finnish Innovation Fund (SITRA), which created the Energy Programme 2008-2013.

Hydropower, peat and wood fuels are the most important energy sources in the northern regions of Finland. Lapland is self-sufficient in electricity production, and around 91% of its energy is generated from renewables. Nevertheless, current industry investment in Lapland (steel mills and mining projects) and the

86 Electricity producers will receive a subsidy for a period of 12 years. The expected budget for the renewable energy subsidy is 55.35 million EURO, including: wind power plants - 22.6 million EUR, biogas power plants - 2 million EUR, wood-fuel powered plants - 3.75 million EUR, and forest chip power plants - 27 million EUR. Electricity produced with renewable energy sources (wind power, biogas, forest chips, hydropower and recycled fuel) outside the feed-in tariff system will receive a fixed electricity production subsidy.

development of the tourism sector will probably result in a significant increase in energy consumption. Most of the wind turbines installed in 2008–2010 are located in the Oulu region (two in Oulunsalo, four in Raahe) and Lapland (nine in Kemi Ajos, one in Laitakari, Ii, eight in Tornio). A number of new wind power projects are under construction or are scheduled for installation. In Lapland, offshore and onshore turbines will be located in municipalities along the coast of the Gulf of Bothnia – Kemi, Tornio and Simo – as well as in more inland areas: Muonio, Kittilä, Sodankylä, and Kemijärvi (Finnish Wind Power Association 2011).

The Regional Council of Lapland has prepared its energy strategy with the vision of bringing together two values: sustainability and self-sufficiency. The goal is to use large energy resources for the benefit of Lappish economic development and to reach a regional position as the principal developer of energy solutions that are suitable for northern conditions. This means that new competitive technology solutions should be developed thanks to Lapland's know-how and business activities. Furthermore, energy resources should be more diversified and their production and utilization process should take into consideration the environment and the unique nature of Lapland. Those objectives will be achieved through key projects focused on: (1) the increased use of local resources – forest, peat, hydro and wind power; (2) the construction of a nuclear power plant; (3) the development of energy efficiency; and (4) support for innovation in schools and co-operative networks between educational institutions, research institutes and companies. All of these activities are expected to bring significant benefits to the region. First, the planned energy projects –especially wind power and the potential construction of a nuclear power plant – would bring money from real estate tax and other revenues. Secondly, investment in a new bio-fuel power plant and a biodiesel refinery would result in increased employment. Finally, it is expected that local sources of renewable energy, especially wood fuels, will decrease carbon dioxide emissions from power and heat production by 30–40% from the current level (Regional Council of Lapland 2009).

It seems that the goal of energy strategies within the northern regions of Finland and Sweden is to contribute to national and EU renewable energy targets; even though they are already self-sufficient with respect to electricity, they still intend to produce more. The EU Commission provides various funding opportunities for renewable energy projects, especially by investing in

infrastructure, technology and research projects. The boost in commercial wind energy projects in northern Finland and Sweden is an example of the results emerging from EU actions and national economic policy measures such as feed-in-tariffs in Finland or carbon dioxide and fuel taxes in Sweden. Therefore, financial benefits and business development appear as the driving factors and the main goals of the regional authorities' "green energy" policies in Lapland and Norrbotten.

All in all, it seems that sub-regional and national policies address renewable energy as a strategic intersection of climate, environment and energy strategies. The discussion of the situation regarding the use of renewable sources in the Barents Region above shows that there is a large gap in development trends and the pace of development between the Russian and Nordic parts of the BEAC. What seems to be crucial are differences in goals between national policies, as well as the types of instruments that facilitate development. The Nordic countries have long-standing traditions in environmental policies that create a good political climate and basis for stronger policy measures – financial support or taxes – that stimulate the competitiveness of renewable energy sources on the market. In Russia, the target for clean energy is set very low, and policy instruments – repayments and attracting private investors – try not to undermine the federal budget. The sub-regional policies for the Arctic established by those countries prioritize taking advantage of the economic prospects offered by the exploitation of natural resources (oil and gas, mining, fishing) or infrastructure development to transport raw materials to the European market. Simultaneously, the Arctic strategies highlight the need to monitor the environment and climate in the Barents Region, but renewable energy appears as a supplementary issue that is a means of cutting greenhouse gas emissions, providing energy security for remote local communities, or developing a new industry branch within the region. Furthermore, strong regional cooperation has been established within the Barents Region. Organizations such as the Arctic Council, the Barents Euro-Arctic Council and the Nordic Council of Ministers have created a network of multilateral political collaboration and partnerships that deal with energy issues as well as other issues. However, their actions are limited to *soft policy* measures such as exchanging information, disseminating knowledge and networking with various stakeholders within the renewable energy sector through the organization of workshops and seminars. Only the NCM has the capacity to support research and development projects focused on renewable energy through

various funding programmes. However, those financial instruments are available only for the northern regions of Finland, Sweden and Norway.

The regional energy and climate strategies in the European Arctic result mostly from governmental plans. Their mission is to contribute to the implementation of national goals. Despite that, the ways in which the regions intend to support the policy of the state vary between the cases studied. Those differences result from responsibilities, the accessibility of technology and resources at the regional administrative level, economic and funding capacities, as well as possibilities for non-governmental actors to be included in the policy making process and influence decisions.

Renewable energy and Barents cooperation

Multilateral cooperation and partnerships on the subject of energy are carried out within Barents Cooperation structures. The Joint Working Group on Energy (JEWG) was established in 1998 as an ad-hoc body to prepare the *Energy Action Plan for the Improvement of the Energy Situation in the Barents Region* and serve as a cooperation platform for the coordination of energy systems. Since that time, the existence of the JEWG has been regularly prolonged, and its mandate was revitalized in 2009. Its work focuses on various kinds of energy issues, including the petroleum industry and energy efficiency, but the "promotion of renewable energy sources, particularly bio-energy and hydropower" is stressed as one of its main goals (BEAC BRC 2009, 2).

So far, the JEWG's main activity has been the organization of meetings, seminars and workshops. Their aim is to exchange information with other organizations and share national experiences in the promotion of energy projects and programmes as well. One of the main achievements has been the establishment of *Energy Efficiency Centers* which collect data on the energy situation in the regions of Northwest Russia (BEAC 2011a). Working on an eco-efficient economy and cooperation in the field of renewable energy and energy efficiency were the priority area of the recently ended Swedish chairmanship of the BEAC (BEAC 2009, 3). During the last years, two workshops on *Energy efficiency and renewables - possibilities and challenges for Russian municipalities* have been held in Arkhangelsk. Both of them have gathered together representatives of the BEAC states and the northern regions of Russia, financial institutions,

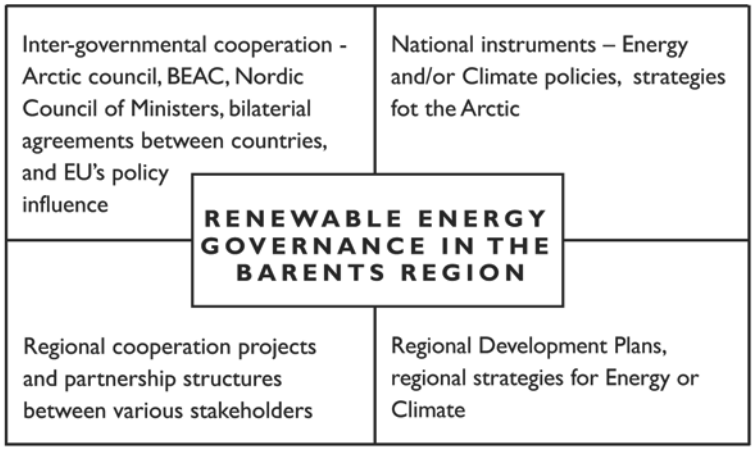


Fig. 10.1 Elements involved in the governance of renewable energy in the Barents Region

project managers from consulting companies, local energy experts and non-commercial organizations (JEWG 2011). Furthermore, the report *Preconditions for Improved Energy Efficiency and Increased Use of Renewable Energy in the Barents Region* was presented during the last JEWG meeting in Arkhangelsk in May 2011. It contains data about the present status of renewables in energy systems within the Barents Region and analyzes the technical and economic potential for the development of that sector (CENTEK AB 2010).

Nevertheless, the Barents Cooperation has no separate funding to cover the expenses of its activities. Therefore, initiatives that are relevant for the matter of clean energy, similarly to other issues, have to search for funding opportunities within national, international and regional financing instruments. Grants are provided by EU Programmes, the NCM funding and national sources. Loans are offered by international financial institutions and funds. Thus, a number of various funding sources, with a scope of application covering all or part of the territory of the Barents Region, may support investment in projects that are focused on the promotion or implementation of renewable energy solutions. However, there is no separate fund aimed specifically at the Barents Region (BEAC 2011b).

From the perspective of multi-level governance, the analysis of regional cases shows that national energy and climate strategies set not only policy pri-

INTERNATIONAL LEVEL	• Member of BEAC • Observer in (ad-hock) the Arctic Coucil • Developing EU policy for the Arctic Region
NATIONAL LEVEL	• Directive on renewable energy • EU Energy Strategy by 2020 • Capacity building - Intelligent Energy Europe programme • Funding for energy research and technology projects – European Energy Programme, CORDIS Seventh Framework Programme
REGIONAL LEVEL	• Regional funding programmes - Northern Periphery Programme, Kolarctic ENPI CBC • Cooperation projects in targeted sectors • Climact project - Regional Energy Agencies network
LOCAL LEVEL	• Local partnership on climate and energy - Covenant of Mayors

Fig. 10.2 The structure of relevant EU governance practices for renewable energy and the Arctic region

orities and types of measures to be undertaken within targeted sectors, but also directly influence the goals of regional and even municipal plans. Fig. 10.1 shows the general structure of multiple dimensions and actors in renewable energy governance in the Barents Region. In addition, relations between those components and the intensity of actions or influence vary for each country.

The studied cases of renewable energy governance within the BEAC regions show that each of them has its own special characteristics in the way it wants to contribute to the state's interests, how it is involved in regional cooperation and activity within international forums, and finally what kind of economic capacity and funding opportunities it possesses. Another very important actor is the EU and its various instruments that affect international, national and regional policies. Fig. 10.2 presents EU governance practices on renewable energy and the EU's involvement in the Arctic. Within the study, the influence of the EU energy policy's goals and directives is reflected in the national policies of Finland and Sweden, and those goals and directives directly affect regional planning in Lapland and Norrbotten. What is more, EU energy goals may also shape development directions in non-EU member states, through funding programmes that cover the northern areas of Norway (Interreg IV Nord, the Northern Periphery Programme) and Russia (Kolarctic).

Finally, actors outside government and administration, such as the private sector, research and non-governmental organisations should be involved in governance process, because all those elements create favourable climate for development of renewable energy in the Barents Region. However, the cases studied show that different configurations of relations between those elements may speed up the development process or bring it to a halt. In the Nordic part of the Barents Region regional cooperation projects were established to enhance development and research on clean energy solutions in northern latitudes. A good example is the NeoEnergy project (funded by European Regional Development Fund, ERDF within the Interreg IV Nord Programme), which established a partnership between business, research and educational institutions, as well as regional authorities, in order to commercialize renewable energy technology in the northern regions of Finland, Sweden and Norway. On the other hand, Murmansk region presents a completely opposite picture of renewable energy governance in the Russian part of the BEAC. There is more civil society commitment supporting research and international funding that facilitate business than state desire to use renewable sources. Even though the region has the potential to become a pioneer in the development of alternative energy in Russia, a lack of favourable economic conditions and political interest in the issue hampers the possibilities for more intensive development. Consequently, regional cooperation structures (such as the BEAC JEWG) and non-governmental organisations (Bellona) initiate workshops and seminars

that bring together regional authorities, as well as research and business actors within the BEAC regions in order to exchange experiences and disseminate knowledge about new possibilities in northern Russia. Therefore, NGOs, international environmental organisations and regional cooperation structures play a leading role in the facilitation of green energy development in the Russian part of the Barents Region.

Conclusions

Complex political goals, economic interests and social needs appear in climate and energy policies, regional development plans, strategies, and particular projects within the Barents Region. Those practices of governance are undertaken at the international, state and regional levels. Regional policies are established in the context of international processes and national goals. The most obvious example is the case of Norrbotten and the Markbygdens project, the aim of which is to contribute to national goals and targets set by the EU. The region does not need more energy for itself, but intends to export it. Therefore, renewable sources of energy become an object of trade that will bring economic benefits for some and losses for others within the region. State interests are placed ahead of local needs, and therefore disadvantaged social groups perceive the situation as an example of so-called 'wind colonialism'.

On the other hand, Nordland's regional plans for renewables may be considered as a model of "negotiated social governance". Wind and small hydro energy projects must meet various requirements, and the plans are publicly consulted in order to avoid conflicts related to land-use. Furthermore, priority is given to projects that meet the energy needs of remote settlements, thus, benefitting local communities.

The division of the roles between those governance levels varies within the Nordic and Russian parts of the region. Nevertheless, for the implementation of renewables into an energy system to be successful, effective economic instruments are needed. Those are within the competence of the state, making it the most important agency of governance. The national influence on regional planning may be active, as in the case of the Nordic countries, which use various economic and political measures to make renewables more competitive and profitable for producers and consumers alike. Or, on the other hand, a state may

take a passive attitude towards the issue. The Russian government is pursuing less ambitious goals than the regional authorities of Murmansk. Therefore, the state's role becomes negative, as it limits actions that are undertaken within public institutions and slows down development, which is then driven by private and social forces.

All regions are interested in further developing opportunities related to the use of wind power, but it appears that each area has different motivations and priorities. In the cases of Finnmark and Lapland wind energy is being developed in order to supply the petroleum or mining industries. It is a controversial way of understanding the concept of sustainable development, which was originally intended to replace fossil fuels by renewables, not support their exploitation. The examples above show the importance of this issue in the development of industry and economic growth in the Barents Region. In that situation, decreasing emissions may be regarded as a secondary goal, as those regions already generate most of their electricity from hydropower or bio-energy.

To summarize, the Barents Region is an example of a territory covered by a network of complicated political relations. This area is an arena where different interests of regional, national and international political powers meet. The study demonstrates that the issue of renewable energy is multidimensional, and various agencies within the public sector, business, and civil society are involved in the process of governance in the region. Nevertheless, the configurations of those interests, practices of actions, political engagement and the capacity to influence the development of renewable energy vary within the cases studied.

References

ÅF-INFRASTRUCTURE AB (2010). *Supply of raw Materials, transport needs and economic potential in Northern Europe*. Retrieved September 26, 2011, from http://www.norrbotniabanan.nu/upload/239/BARENTS100526print_02_Del2_1.pdf.

BAER, L.-A. (2011). Windmill colonialism: A threat to Arctic indigenous peoples. *The Circle WWF Magazine* 1, 19–21. Retrieved June 9, 2011, from http://icr.arcticportal.org/images/stories/documents/news_attachments/TheCircle0111.pdf.

BARENTSNOVA (2010). *Official economic strategy of the Murmansk Region - core centre for the Arctic development by 2025*. Update 10.09.2010. Retrieved August 28, 2011, from http://barentsnova.com/node/444.

BARENTS OBSERVER (2008a). *Windmill park for Shtokman village*. Retrieved April 4, 2011, from http://barentsobserver.com/en/node/21332.

BARENTS OBSERVER (2008b). *Windmill park for Pechenga*. Retrieved April 5, 2011, from http://barentsobserver.com/en/node/20996.

BARENTS OBSERVER (2008c). *Another tidal power plant for Kola Peninsula*. Retrieved August 28, 2011, from http://barentsobserver.com/en/node/23117.

BARENTS OBSERVER (2008d). *Murmansk takes lead in wind power development*. Retrieved August 28, 2011, from http://barentsobserver.com/en/node/20929.

BARENTS OBSERVER (2009a). *Wind power for Arctic Norway*. Retrieved April 5, 2011, from http://barentsobserver.com/en/node/18203.

BARENTS OBSERVER (2009b). *Tidal power and wind park near submarine base*. Retrieved April 5, 2011, from http://barentsobserver.com/en/node/18216.

BARENTSOBSERVER (2009c). *Billion rouble plans for Russian tidal power plant*. Retrieved April 5, 2011, from http://barentsobserver.com/en/node/20087.

BARENTSOBSERVER (2009d). *Progress in Murmansk wind park plans*. Retrieved August 28, 2011, from http://barentsobserver.com/en/node/19296.

BARENTSOBSERVER (2010a). *Green light for windmill farm*. Retrieved April 5, 2011, from http://barentsobserver.com/en/sections/business/green-light-windmill-farm.

BARENTSOBSERVER (2010b). *Little interest for windmill park*. Retrieved March 30, 2011, from http://barentsobserver.com/en/sections/topics/little-interest-windmill-park.

BARENTSOBSERVER (2010c). *Green light for giant wind power project*. Retrieved April 5, 2011, from http://barentsobserver.com/en/sections/energy/green-light-giant-wind-power-project.

BEAC (2009). *Towards an eco-efficient economy in the Barents Region – combining economic growth with environmental responsibility*. Retrieved June 6, 2011, from http://www.barentsinfo.fi/beac/docs/BEAC_Swedish_Chairmanship_Programme_2009-11.pdf.

BEAC (2011a.). *Joint working group on energy*. Retrieved June 6, 2011, from http://www.beac.st/?DeptID=8558.

BEAC (2011b.). *Project funding*. Retrieved September 29, 2011, from http://www.beac.st/in_English/Barents_Euro-Arctic_Council/Project_funding.iw3.

BEAC BRC (2009). *Terms of reference energy working group, Murmansk*. Retrieved June 6, 2011 from http://www.barentsinfo.fi/beac/docs/JWGE_ToR_version_25_8_2009(2)_adopted_13.10.2009.pdf.

BOVAIRD, T. & LOFFLER, E. (Eds.). (2003). *Public management and governance.* New York: Routledge.

CAPPA, M. (2010). Norwegian researcher refining wave energy technology. *BarentsObserver* 14.05.2010. Retrieved June 26, 2011, from http://barentsobserver.com/en/sections/energy/norwegian-researcher-refining-wave-energy-technology?qt-popular_content=0.

CENTEK AB (2010). *Preconditions for improved energy efficiency and increased use of renewable energy in the Barents Region. Luleå*. Retrieved June 6, 2011, from http://www.barentsinfo.fi/beac/docs/JEWG_Arkhangelsk_12_May_2011_CENTEK_Barents_Study_Report_ENG.pdf.

CLIMACT REGIONS (2011). Norrbotten region. Energy. Retrieved August 28, 2011, from http://www.climactregions.eu/web/guest/norbotten-region.

COUNTY ADMINISTRATIVE BOARD (2009). *Klimat- och energistrategiskt arbete*. Retrieved August 28, 2011, from http://www2.lansstyrelsen.se/norrbotten/Sv/miljo-och-klimat/klimat-och-energi/klimat-och-energistrategiskt-arbete/Pages/default.aspx.

COUNTY ADMINISTRATIVE BOARD (2010). *Pilot lån för grön utveckling*. Retrieved August 28, 2011, from http://www2.lansstyrelsen.se/norrbotten/Sv/miljo-och-klimat/klimat-och-energi/klimat-och-energistrategiskt-arbete/pilotlan-for-gron-utveckling/Pages/default.aspx.

COUNTY ADMINISTRATIVE BOARD (2011). *Energisamverkan Norr*. Retrieved August 28, 2011, from http://www.lansstyrelsen.se/norrbotten/Sv/miljo-och-klimat/klimat-och-energi/klimat-och-energistrategiskt-arbete/Pages/energisamverkan-norr.aspx.

EUROPEAN COMMISSION (2011). *Energy 2020: A strategy for competitive, sustainable and secure energy*. Retrieved August 28, 2011, from http://ec.europa.eu/energy/publications/doc/2011_energy2020_en.pdf.

EUROPEAN COMMISSION (2008). *The European Union and the Arctic Region, Brussels. Communication for European Commission to the European Parliament and the Council*. Retrieved June 14, 2011, from http://www.eeas.europa.eu/arctic_region/docs/com_08_763_en.pdf.

EUROPEAN COMMISSION (2011). *National renewable energy action plans*. Retrieved June 14, 2011, from http://ec.europa.eu/energy/renewables/transparency_platform/action_plan_en.htm.

EUROPEAN PARLIAMENT (2010). *Report on a sustainable EU policy for the High North*. Retrieved June 14, 2011, from http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2010-0377+0+DOC+PDF+V0//EN.

EUROPEAN UNION (2009). *Directive 2009/28/EC on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC*. Retrieved June 14, 2011, from http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0016:0062:EN:PDF.

FINNISH WIND POWER ASSOCIATION (2011). *List of ongoing projects 20.5.2011*. Retrieved June 9, 2011, from http://www.tuulivoimayhdistys.fi/hankkeet.

FINNMARK COUNTY AUTHORITY (2010a). *RessursRIK region 2010-2013. Regionalt utviklingsprogram for Finnmark,* Vadsø. Retrieved August 28, 2011, from http://ffk.no/docs/c6ba5524-fcdc-4f8b-915f-784b8c5926a6.pdf.

Finnmark County Authority (2010b*). Energistrategier for Finnmark 2010 – 2013,* Vadsø. Retrieved August 28, 2011, pp. 14-17 from http://www.ffk.no/docs/d25656ed-5d1e-40a5-bdfb-2b08feffc40b.pdf

FINNMARK COUNTY AUTHORITY (2010c). *The international strategies for Finnmark County Authority 2011-2014, Vadsø*. Retrieved August 28, 2011, from http://www.ffk.no/docs/5614dd05-8bd5-4007-823e-a706ddb3cd85.pdf.

GOVERNMENT OFFICES OF SWEDEN (2009). *A sustainable energy and climate policy for the environment, competitiveness and long-term stability*, published 5.02.2009. Retrieved June 12, 2011, from http://www.sweden.gov.se/content/1/c6/12/00/88/d353dca5.pdf.

HIRST, P. (2000). Democracy and governance. In J. Pierre (Ed.), *Debating governance*, pp. 14-19. New York: Oxford University Press.

INTERNATIONAL ENERGY AGENCY (2011). *Glossary, explanations.* In *Policies and measures databases*. Retrieved June 1, 2011, from http://www.iea.org/Textbase/pm/index.html.

INVEST IN NORRBOTTEN (2011a). *Sweden's biggest wind farm is being built in Norrbotten*. Retrieved August 26, 2011, from http://www.investinnorrbotten.se/business/business-oppurtunities/energy/markbygden-swedens-biggest-wind-farm-is-being-built-in-norrbotten/.

INVEST IN NORRBOTTEN (2011b). *Energy – hydroelectric power, wind power, bioenergy*. Retrieved August 26, 2011, from http://www.investinnorrbotten.se/business/business-oppurtunities/energy/.

JEWG (2009). *Workshops programme 23.9.2009, Arkhangelsk*. Retrieved June 6, 2011, fromhttp://www.barentsinfo.fi/beac/docs/JEWG_Workshop_Programme_230909.pdf.

JEWG (2011). *Workshops programme 11.05.2011, Arkhangelsk*. Retrieved June 6, 2011, from http://www.barentsinfo.fi/beac/docs/Energy_efficiency_workshop_Arkhangelsk_11_May_2011_Workshop_Programme_ENG.pdf.

KESKITALO E. C. H. (Ed.) (2010). *Developing adaptation policy and practice in Europe: Multilevel Governance of Climate Change*, pp. 1-33.Berlin: Springer.

LUNDMARK, L. (2011). Wind power - Europe's shining star? *The Circle WWF Magazine* 1, 21-22. Retrieved June 9, 2011, from http://icr.arcticportal.org/images/stories/documents/news_attachments/TheCircle0111.pdf.

MININ, V. A. & DMITRIEV, G. S. (2007). *Prospects for development of non-conventional and renewable sources of energy on Kola Peninsula*. Bellona Report 2007. Oslo.

MINISTRY OF EMPLOYMENT AND THE ECONOMY (2008). *Long-term Climate and Energy Strategy Government Report to Parliament*. Retrieved June 9, 2011, from http://www.tem.fi/files/20587/Climate_Change_and_Energy_Strategy_2008_summary.pdf.

MINISTRY OF EMPLOYMENT AND THE ECONOMY (2010a). Government decides on policies for nuclear power and promotion of renewable energy production. Press release 21.04.2010. Retrieved June 9, 2011, from http://www.tem.fi/index.phtml?89521_m=98874&l=en&s=2471.

MINISTRY OF EMPLOYMENT AND THE ECONOMY (2010b). Production subsidy for electricity produced from renewable energy sources, Press release 30.12.2010. Retrieved June 9, 2011, from http://www.tem.fi/index.phtml?89521_m=101689&l=en&s=2471.

MINISTRY OF EMPLOYMENT AND THE ECONOMY (2010c).*Government proposal on renewable energy feed-in tariffs*. Press release, 16.09.2010. Retrieved August 28, 2011, from http://www.tem.fi/?89521_m=100632&l=en&s=2471.

NOE-ENERGY PROJECT (2011a). *Pilot test for small hydro in Kukkola on Torne River*. Retrieved August 28, 2011, from http://www.noe-energy.net/userfiles/File/Pilot%20project%20Kukkola.pdf.

NOE-ENERGY PROJECT (2011b). *Renewable energy in the North*. Retrieved August 28, 2011, from http://www.noe-energy.net/side.asp?sideid=2&current=two.

NORRBOTTEN ENERGY NETWORK (2011). *Nanet Project*. Retrieved August 28, 2011, from http://www.nenet.se/projekt.asp.

NORDIC COUNCIL OF MINISTERS (2006). Perspectives on increased renewable energy in sparsely populated regions. In *The West Nordic renewable energy sources – mini green book*, pp. 27-47. Retrieved June 9, 2011, from http://www.norden.org/da/publikationer/publikationer/2006-579/at_download/publicationfile.

NORDLAND COUNTY COUNCIL (2009). *Regional plan – vindkraft i Nordland – arealmessige vurderinger*. Retrieved August 28, 2011, from http://www.nfk.no/Filnedlasting.aspx?FilId=6654&MId1=0&MId2=&MId3=&.

NORDLAND COUNTY COUNCIL (2010). *Wind power.* Retrieved August 28, 2011, from http://www.nfk.no/Artikkel.aspx?AId=14487&back=1&MId1=515&MId2=&MId3=&.

NORDLAND COUNTY COUNCIL (2011). *Regional plan - climate challenges in Nordland*. Retrieved August 28, 2011, from http://www.nfk.no/artikkel.aspx?MId1=512&AId=17595.

NORWEGIAN MINISTRY OF THE ENVIRONMENT (2006). *Norwegian climate policy*. Report No. 34 (2006–2007) to the Storting. Retrieved June 9, 2011, from http://www.regjeringen.no/pages/2065909/PDFS/STM200620070034000EN_PDFS.pdf.

NORWEGIAN MINISTRY OF FOREIGN AFFAIRS (2006). *Norwegian government's strategy for the High North*. Retrieved June 9, 2011, from http://www.regjeringen.no/upload/UD/Vedlegg/strategien.pdf.

NORWEGIAN MINISTRY OF FOREIGN AFFAIRS (2009). *New building blocks in the North - The next step in the government's High North strategy*. Retrieved June 9, 2011, from http://www.regjeringen.no/upload/UD/Vedlegg/Nordområdene/new_building_blocks_in_the_north.pdf.

NVE (2009a). *Energy in Norway - A brief annual presentation*, 10.12.2009. Retrieved from http://www.nve.no/Global/Energi/Analyser/Energi%20i%20Norge%20folder/Energy%20in%20Norway%202010%20edition.pdf.

NVE (2009b). *Konsesjonssaker på høyring*. *Vindkraft*, 17.02.2009. Retrieved August 25, 2011, from http://www.nve.no/no/Konsesjoner/Konsesjonssaker/Vindkraft/.

NYSTEN-HAARALA, S. & KOTILAINEN, J. (2009). Institutions, interest groups and governance of natural resources in Russia. In S. Nysten-Haarala (Ed.), *The changing governance of renewable natural resources in northwest Russia*, pp. 9-28. Aldershot: Ashgate.

PAINTER, J. & JEFFREY, A. (2009). *Political Geography: An introduction to space and power*. London: Sage.

PETTERSEN, O. (2002). The vision that became reality. In *The regional Barents cooperation 1993-2003*, pp. 11-25. Kirkenes: The Barents Secretariat.

PIERRE, J. & PETERS, B.G. (2000) (Eds.). Different ways to think about governance. *Governance, politics and the state*, pp. 14-27. New York: Macmillan.

RASMUSSEN, R.O. (Ed.) (2011). *Megatrends in the Arctic.* Nordic Council of Ministers, Copenhagen, pp. 148-166. Retrieved June 12, 2011, from http://www.nordregio.se/en/Publications/Publications-2011/Megatrends/.

RAUTAJOKI, T. (2012). *Investment Catalogue*, Arctic Business Forum 2012. Rovaniemi: Lapland Chamber of Commerce..

REGIONAL COUNCIL OF LAPLAND (2009). *Lapland's energy strategy*, *Rovaniemi*. Retrieved August 28, 2011, from http://www.lapinliitto.fi/c/document_library/get_file?folderId=26224&name=DLFE-3310.pdf.

REINDEER BLOG (2010). *Sami Reindeer Herders in Sweden Lose Out to Wind Power*. Published 07.12.2010. Retrieved August 28, 2011, from http://www.reindeerblog.org/2010/12/07/sami-reindeer-herders-in-sweden-lose-out-to-wind-power/.

RENEWABLE ENERGY FOCUS (2010). *Floating tidal power plant opened in Norway*. Published 24.11.2010. Retrieved August 28, 2011, from http://www.renewableenergyfocus.com/view/14191/floating-tidal-power-plant-opened-in-norway/.

SENOVA, O. (2011). *Green Energy in Murmansk Region Against Climate Change: Advances and problems*. Article published on 9.04.2011. Russian Socio-Ecological Union, Climate Secretariat. Retrieved August 28, 2011, from http://www.rusecounion.ru/ang_media-tur_9411.

STAALESEN, A. (2011). *Murmansk might abandon renewable energy plans*. BarentsObserver 18.9.2011. Retrieved August 28, 2011, from http://barentsobserver.com/index.php?cat=16178&id=4632353&showforumform=1&find=.

THE MINISTRY OF ENERGY OF THE RUSSIAN FEDERATION (2010). *Energy Strategy of Russia for period up to 2030, Moscow*. Retrieved June 13, 2011, from http://www.energystrategy.ru/projects/docs/ES-2030_(Eng).pdf.

THE SECURITY COUNCIL OF THE RUSSIAN FEDERATION (2008). *The Foundations of the Russian Federation's State Policy in the Arctic Until 2020 and Beyond, 18 September 2008*. Retrieved June 13, 2011, from http://www.arcticprogress.com/2010/11/russias-arctic-policy/.

UNEP (2009). *Integrated Climate Change Strategies for Sustainable Development of Russia's Arctic Regions (Case Study for Murmansk Oblast)*. Retrieved August 28, 2011, from http://www.undp.ru/climatechange/Murmansk_summary_eng.pdf.

VINDKRAFTCENTRUM I BARENTSREGIONEN (2011). *The wind power centre of the Barents Region*. Retrieved April 5, 2011, from http://www.vindkraftbarents.se/the-wind-power-centre-of-the-barents-region.

PART III

Governing everyday life

CHAPTER 11

Nils-Gustav Lundgren

FAR AWAY, COLD AND WINDY! ARE SWEDES HAPPY WITH THEIR LIVES IN THE NORTH?[87]

Introduction

International happiness research points to a number of factors that influence perceived happiness. In a questionnaire sent to 4,000 Norrlanders, answered by 2,392 individuals, several hypotheses testing the factors were confirmed: A higher income, in particular relative income, leads to greater happiness, as do religious beliefs, a permanent job, good health and an established career. Contrary to the findings of international research, people belonging to a national minority can experience greater happiness – at least if they are Sami or inhabitants of the Torne Valley. Geographical location can also influence happiness: people in Skellefteå and Piteå are definitely happier than the average Norrlander.

The main question in happiness research

Time and again, the societal debate, probably mostly in the affluent part of the world, has come to centre on the question of whether people become happier through economic growth, that is, by getting higher incomes and hence opportunities to buy more - and more varied - goods and services. One way of ironically characterising what many people view as a strongly materialistic, competition- and achievement-oriented mentality in the USA – the American Way of Life – is to say, "The one who has the most possessions when death occurs has won!" Is there any connection then between people's income and well-being, and can we say anything general about this in a Swedish, and primarily Northern Swedish, context?

In a recent survey of Norrlanders' "outlook on life", Kerstin Westin has shown that work, leisure and being in one's social context, that is, proximity

87 Previously published in Swedish in Ekonomisk Debatt nr 8 2010.

to friends, family and relatives, are highly valued, while "the American Way of Life" – making a career – is given markedly low value. Another conclusion is that there are small regional differences in the north concerning such life values. Moreover, neither "social heritage", that is, the home environment in which a person grew up, nor having lived for a long time in the same place seem to influence these attitudes to any appreciable extent (Westin 2009).

What can research then say generally about human beings' subjective conceptions of their lives? Who are, or experience that they are, happy or unhappy and what influences such an attitude to, or valuation of, life?

In recent years, more and more social scientists have come to take an interest in what has become known as happiness research; traditionally the province of sociologists, the field has increasingly attracted economists and political scientists as well. One starting point for economically oriented happiness research is an article by the economic historian Richard Easterlin titled "Does economic growth improve the human lot? Some empirical examples", published in 1974 in a *Festschrift* dedicated to Moses Abramowitz (see also Easterlin 1996/2001). For a brief but still thorough presentation and discussion of current happiness research, see Lind 2005; Norberg 2006; Graham 2009; Fleurbaey 2009).

The attention that Easterlin aroused with his article stemmed from a diagram showing how Americans' answers to the question "All in all, would you say that you are "Very happy, Fairly happy, Not very happy or alternatively Not happy at all?" had been distributed since the 1950s. What Easterlin showed was that the proportion of the population of the USA that said they were "on the whole very happy" was not getting higher although the country's gross national product, that is, citizens' income, was increasing all the time. The proportion of "happy people" was largely unchanged, settling at values around 35 to 37 per cent. If there was any trend, it was that the proportion of "Very happy people" was decreasing over time, a development that was not statistically significant, however (Easterlin 2001, 202).

If, on the other hand, people's happiness is investigated in a cross-sectional study, that is, one conducted at the same point of time and comparing people with different levels of income, considerably more people with a high income always state that they enjoy a higher degree of happiness that do persons with a low income. This applies to cross-sectional data concerning individuals as well as countries. The fact that increasing income does not result in more happy

people at the same time as people with larger incomes state that they are happy has been termed "the Easterlin paradox". How can this paradox be explained?

Two explanations have been put forward, both based on a relativisation: People compare both their present situation with what their life was like before and other people's present situation to their own, that is, how their lives have developed in relation to the lives of others. The absolute income level, that is, the "physical" difference in material well-being between then and now, would then have a negligible influence on "the feeling of happiness".

If this were the case, it would lead to a problematic conclusion from an ideological point of view; that is, if an individual is successful, which manifests itself as a rise in income, for example, this may generate a "loss of happiness/well-being" for others. The policy conclusion is then close at hand that higher income taxes, which restrain income-motivated work efforts, might raise a society's total "level of happiness". This is, albeit summarised in somewhat stark terms, what the polemic is about that Daniel Lind and Johan Norberg have engaged in in the Swedish journal *Ekonomisk Debatt* (Lind 2005; Norberg 2006).

Norberg thinks that it might be true that more money/possessions do not make us happier, but to "close the future" by means of conscious political measures, that is, extinguishing the hope of future improvements for people, would definitely lead to "great unhappiness" in most people's experience of life.

What does Easterlin himself have to say about "his paradox" between economy/income and well-being/happiness? His conclusion is, briefly, "Generally speaking, happiness, or the subjective well-being, co-varies (positively) with one's own income, while it co-varies negatively with other people's income" (Easterlin 2001, 206ff). In addition he emphasises that people's aspirations rise continuously with increasing income, for which reason happiness does not self-evidently increase despite "more money per person" (on this, see Graham 2009).

Empirically oriented happiness research based on studies of individuals has usually been able to show that a high income, a high level of education, a cohesive family life, good health and a religious and optimistic attitude to life correlate positively with happiness. By contrast, ill health, a low income, a low level of education, unemployment, being an immigrant, belonging to a national/ethnic minority and "loneliness" (living in a one-person household) are usually negatively correlated with happiness (see Fleurbaey 2009; Layard 2003).

We will now study whether Swedes living in the northern part of the country with such personal circumstances experience satisfaction or dissatisfaction

with their lives. An extensive survey conducted in the autumn of 2008 on commission by the northernmost county councils, in Jämtland, Västernorrland, Västerbotten and Norrbotten, may contribute to answering the questions. The questionnaire was distributed to 4,000 Norrlanders in such a way that it would adequately represent the respondents' age and gender as well as the region's counties and densely and sparsely populated areas. A total of 2,392 persons answered the survey, representing a response rate of 64.1 per cent. The study was justified by a political need for scientifically based knowledge to inform the complicated process whose aim is to establish large regions in the north. The study is reported in *Kan norra Sverige regionaliseras. Politiska beslutsprocesser och medborgarperspektiv* ['Can Northern Sweden be regionalised? Political decision processes and citizens' perspectives'] (see Lidström 2009).

The Norrland study is partly identical to the investigations that have been conducted by the SOM ['Society, Opinion and Mass Media'] Institute at Gothenburg University since 1996 at both the national level and in the regions of Skåne and Western Götaland. These studies have no questions explicitly dealing with happiness, that is, of the type "Are you happy or unhappy?". Answers to a number of questions with approximately similar content were used, however, to create a "happiness" or "satisfied with life" index among Norrlanders.

How a Norrland happiness index was constructed

In order to obtain a comprehensive measure of the degree to which Norrlanders feel satisfied with their lives, a "happiness index" was constructed. This index is based on individuals' answers to questions on self-assessed health, confidence in other people in general as well as in the place where they live, an overall valuation of the conditions of life where they live, to what degree they feel affinity with other people and whether they experience a high degree of security in their lives. We thus assume that if human beings feel well, have great confidence in and feel great affinity with other people where they live, and feel very secure, this indicates a high degree of well-being, in other words, some form of "happiness". How was the "happiness" or "satisfied with life" index then constructed?

Personal health is assumed here to be an important ingredient in a happy life. A common measure in research on public health is to ask the question, "How do you assess your general state of health?" with response alternatives

from 0 for "very bad" to 10 for "very good". In the happiness index constructed here, responses between 8 and 10 were given the value 1, those 7 or below the value 0.

Another measure of "well-being" used was the confidence in other people that an individual expresses. This applies both to people in general and to those living in the respondent's immediate surroundings. The responses to the question, "In your opinion, is it possible to rely on people in general?" fall on an eleven-degree scale from "Not at all", with the value 0, to the value 10 for "It is possible to rely on other people." Once again only responses indicating high values, that is, 8–10 were given the value 1, while those 7 and lower received the value 0.

Our "happiness index" also included an overall valuation of the conditions under which people live. The response "Very good" to the question "What is your opinion of the living conditions in the place where you live?" was given the value 1, while the responses "Fairly good", "Rather bad" and "Very bad" received the value 0.

Not feeling excluded from the context in which one lives is also likely, for very good reasons, to be an important part of well-being. We thus assume that the human being is a gregarious animal, an assumption that is entirely in line with the points of departure and conclusions of "happiness research". In order to capture individual attitudes, responses indicating "Great affinity with others in daily life in the place where I live" were given the value 1; all other responses on a 7-degree scale were assigned the value 0.

Feeling secure where one lives may also be assumed to be an important element in how satisfied one is with one's life. For the question "Do you feel secure in the place where you live", where on a four-degree scale the value 1 was given for "Very secure" and the value 4 for "Not at all secure", responses indicating the value "Very secure" in our index were given the value 1, while all others received the value 0.

There is of course a considerable measure of arbitrariness in this, as in all other attempts to define "happiness". Happiness research has devoted a great deal of effort to this criticism of its sources, that is, to answering how such questions should be designed and how the answers can be interpreted when they are asked and in what order. Everyone can certainly confirm that even if life remains essentially unchanged, the answers might differ depending on whether they get the question on a Monday morning, or after a "heavy weekend" with

anxiety about the coming working week, or on a Friday afternoon with budding hopes for "opportunities" over the weekend. On a Wednesday afternoon I might also be looking forward to dinner with good old friends in the evening, which I appreciate and will put me in high spirits, influencing me if just then I am asked to fill out a "happiness questionnaire". But even if the party was good, why should I in general be even happier on the Thursday morning because of a fairly normal experience, albeit one that gives life a great deal of meaning (see Norberg 2006, 47f)?

It would have been possible to construct a considerably more "fine-grained" scale. But since the questions have different scales, from 0–10, from 0–7, and from 0–4, it is difficult to weigh different dimensions of happiness against one another in a more fine-grained manner. For this reason, we chose a simple, easily understandable and hopefully robust measurement, that is, giving the value 1 only to responses that are very high, or at the very top, in the respective dimensions, and to give very high valuations in different dimensions of life the same value, that is, 1.

We thus chose here primarily to consider the persons that in one or several respects express very high values in any of the six dimensions. All in all, a "happiness" or "satisfied with life" index was constructed that can have seven values, zero through six. This means that those respondents who received the value 0 on all questions do not in any respect value "the quality of their lives" as very high; alternatively, respondents scoring 1 on all six questions – receiving a total of 6 on the scale - are very happy Norrlanders.

How is "happiness" distributed among the Norrlanders?

How the total population of 2,392 Norrlanders is distributed on these 7 categories is shown in Fig. 11.1. We can see that the category with the value 0 comprises 12 per cent of Norrlanders; these are respondents who did not indicate a very high value on any of the six questions, that is, indicate in at least one respect a very high valuation of their lives. It is roughly the same proportion as in the two highest groups – values amounting to 5 or 6 – which taken together comprise slightly more than 11 per cent of the respondents. The great majority of the nearly 2,400 respondents stated high values in one and up to four of the

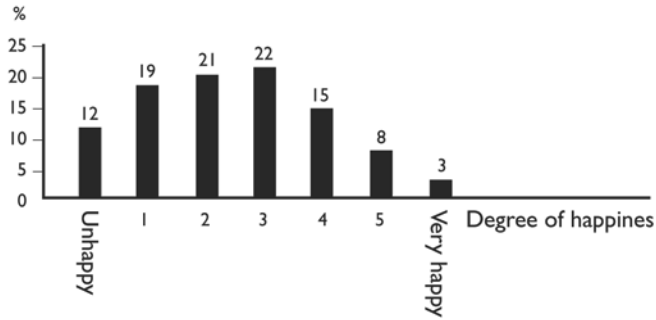


Fig. 11.1 Distribution of "happiness" among the population of Norrland in the autumn of 2008 (N=2.392)

dimensions captured by our index, or 59 per cent. There is no perfect normal distribution, but rather a certain bias in the "unhappy" direction. This might be an empirical illustration of the "prejudice" or "conception" of the somewhat gloomy Norrlander, or maybe even the "melancholy" Swede.

In the national SOM investigation that was also implemented in the autumn of 2008 there is a question that tries to measure on 21 dimensions how satisfaction with life among Swedes is valued and influenced by different factors. It shows that good health, family, good housing, good friends and a good financial situation, inner harmony and an existing love relationship are decisive for well-being in life. By contrast, social standing, good looks, being well-dressed, having a religious belief or an interest in politics have very little impact on a person's well-being (Nilsson and Weibull 2009, 103).

Relating these results to Fig. 11.1 shows that in the national SOM investigation 9 per cent of Swedes are definitely not satisfied at all with their lives – essentially the same proportion as among the Norrlanders, of whom 12 per cent did not indicate a high value on any dimension of the happiness index we constructed. In the 2008 SOM investigation, 59 per cent of Swedes stated that they were "fairly satisfied with their lives", that is, the same proportion of Norrlanders who indicated values between 1 and 3 and thus stated in at least one and up to three respects that they were very satisfied with their lives. The exact proportion in the North was 62 per cent.

In the SOM investigation, 32 per cent stated that they were "very satisfied with their lives", which is close to the value that Fig. 11.1 shows for Norrlanders, among whom slightly more than 25 per cent indicated a very high satisfaction

with life, meaning a corresponding response for at least 4 of the 7 types of happiness captured by our index. This probably indicates that there are very stable structures among Swedes in this respect.

We will now make a closer study of what may explain the differences among different people as regards the degree of being satisfied with life and will also investigate whether there are regional differences in happiness in northern Sweden.

In Table 11.1 below, the degree of satisfaction with life, in accordance with the index described above, is related to the respective county in Norrland. For the sake of simplicity, the seven values have been fused into three; that is, 0–1 have been designated as "low happiness", 2–3 as "some happiness" and 4–6 as "high happiness".

Regions		Happiness categorised (0-1 low, 2-3 some and 4-6 high happiness)			
		Low happiness	Some happiness	High happiness	Total
Norrbotten	Number	180	297	183	660
	%	27,3%	45.0%	27.7%	100%
Västerbotten	Number	206	295	197	698
	%	29.5%	42.3%	28.3%	100%
Västernorrland	Number	235	272	149	656
	%	35.8%	41.5%	22.7%	100%
Jämtland	Number	117	174	87	378
	%	31.0%	46.0%	23.0%	100%
Total	Number	738	1038	616	2392
	%	30.9%	43.4%	25.8%	100%

Table 11.1 Proportion of the population stating a low, moderate and a high degree of happiness in the four counties of Norrland

Coast, inland, mountains		Happiness categorised (0-1 low, 2-3 some and 4-6 high happiness)			
		Low happiness	Some happiness	High happiness	Total
Coastal municipality	Number	315	894	212	1421
	%	22.2%	62.9%	14.9%	100%
Inland municipality	Number	125	418	69	612
	%	20.4%	68.3%	11.3%	100%
Mountain municipality	Number	68	248	43	359
	%	18.9%	69.1%	12.0%	100%
Total	Number	508	1560	324	2392
	%	21.2%	69.1%	13.5%	100%

Table 11.2 Proportion of the population stating a low, some and a high degree of happiness distributed on coastal inland and mountain municipalities

The table shows that the residents of Västerbotten and Norrbotten experience somewhat greater satisfaction with their lives than those of Västernorrland and Jämtland. In the two northernmost counties, 28 per cent of the population are in the group with the greatest satisfaction, that is, those with index values between 4 and 6, as against 23 per cent in the other two counties (a statistically significant difference at the 0.002 level according to a Chi2 test).

What the corresponding distribution is like where the population is classified based on different types of municipalities, that is, coastal, inland or mountain communities, is shown in Table 11.2. We can see that there are small differences among different types of municipalities, but that somewhat more respondents in the coastal municipalities are in the category of "high happiness"; in the category with the lowest value, these differences are not statistically significant, however.

Population		Happiness categorised (0-1 low, 2-3 some and 4-6 high happiness)			
		Low happiness	Some happiness	High happiness	Total
0 - 10 000	Number	71	233	37	341
	%	20.8%	68.3%	10.9%	100%
10 001 - 15 000	Number	49	168	29	246
	%	19.9%	68.3%	11.8%	100%
15 001 - 30 000	Number	105	309	48	462
	%	22.7%	66.9%	10.4%	100%
30 001 - w	Number	283	850	210	1343
	%	21.1%	63.3%	15.6%	100%

Table 11.3 Proportion of the population stating a low, moderate and high degree of happiness distributed on the municipality's population

To what extent can the differences among counties and mountain, inland or coastal locations be an "effect" of the respective municipality's population? In other words, is there a difference between demographically small and large places? This is shown in Table 11.3, where we can see that, on the whole, regardless of the municipality's total population the same proportion of the population is found in the lowest category - unhappy people; at the same time a significantly higher proportion (according to a Chi2 test at the 0.005 level) is found in the group of "high happiness" in municipalities with more than 30,000 inhabitants, that is, Östersund, Sundsvall, Örnsköldsvik, Umeå, Skellefteå, Piteå and Luleå.

The overall conclusion is, however, that there are markedly small geographic differences between counties and municipalities and that, to the extent that there are statistically significant differences, these are in all probability primarily due to the population being differently composed in different parts of Norr-

rland with regard to age, health, gender, education, income and labour market situation – factors which the happiness research described above has identified as being decisive for a human being.

That this is in all probability the case is indicated by Tables 11.4A and 11.4B, where the degree of satisfaction with life is related to income and education, respectively. The tables show that there are considerably more individuals in the highest category of happiness among high-income households as well as among persons with an academic education (the differences in the two tables are statistically significant at the 0.000 level according to a Chi2 test).

Based on the findings presented above, we will now investigate what individual attributes can be related to a higher or lower degree of satisfaction with life. Is it the case, among 2,392 Norrlanders, that higher income, more educa-

Income		Happiness			
		Unhappy	Some happiness	High happiness	Total
0 - 200 000	Number	117	254	36	407
	%	28.7%	62.4%	8.8%	100%
200 001 - 400 000	Number	156	510	86	752
	%	20.7%	67.8%	11.4%	100%
400 001 - 600 000	Number	132	466	107	705
	%	18.7%	66.1%	15.2%	100%
600 001 - w	Number	58	229	76	363
	%	16.0%	63.1%	20.9%	100%
Total		463	1459	305	2227
		20.8%	65.5%	13.7%	100%

Table 11.4A Proportion of the population stating a low, moderate and high degree of happiness distributed by income bracket category, respectively

Education		Happiness			
		Unhappy	Some happiness	High happiness	Total
Primary and lower secondary education	Number	160	420	66	646
	%	24.8%	65.0%	10.2%	100%
Upper secondary education	Number	167	520	111	798
	%	20.9%	65.2%	13.9%	100%
University / University college	Number	164	601	146	911
	%	18.0%	66.0%	16.0%	100%
Total	Number	491	1541	323	2355
	%	20.8%	65.4%	13.7%	100%

Table 11.4B Proportion of the population stating a low, moderate and high degree of happiness distributed by educational category, respectively

tion, being a woman, having a religious outlook on life, being an optimist and being successful in life – in the sense of having "climbed the social ladder" – covary positively with happiness? Do unemployment, a low level of education, ill health, a small income, living in a one-person household, being an immigrant or belonging to a national minority at the same time imply that a person is dissatisfied with her or his life? We will also study whether certain "fixed ideas", "prejudices" and "dogmas" of regional politics can pass an empirical test. It is then a matter of whether culture can have a decisive importance for regional developments and whether Norrlanders really are not entrepreneurial but prefer living life as employees.

An overall conclusion regarding these questions is given in Table 11.5. It shows that a higher income definitely enhances one's degree of satisfaction with one's life, as previous research has shown. The measure of income used here is a household's income as a percentage of the average income in the

municipality where the household is located. This relative measure of income of course strongly correlates with absolute income, but the relative measure of income has a markedly stronger effect on "satisfaction with life" than an absolute measure. It indicates that it is not merely the absolute income, but perhaps even more the relative income that is of tangible importance for "the quality of life". This shows that Richard Easterlin probably has strong support for his idea that relative income is essential for subjectively experienced happiness. A salary as a professor of 50,000 to 90,000 SEK per month is of course a total "financial failure in life" in Danderyd, Täby or Lidingö, but perhaps not so to the same extent in Växjö, Umeå, Luleå or Linköping.

Table 11.5 also shows that higher education enhances "happiness", but only with less than half the effect that income gives (education is divided here into six categories: incomplete basic education, completed basic education but no upper secondary degree, completed upper secondary degree, completed post-secondary degree, academic studies and an academic degree at both undergraduate and postgraduate level). We can also see in Table 11.5 that an optimistic attitude towards life increases happiness to the same degree as a higher income. The measure of an optimistic attitude to life is based on answers to nine questions in which the persons were asked whether they believe that conditions will become better or worse where they live. Those who answered "much better" were given the value 1 and all others 0, which implies that the variation of "optimism" may be between 0 and 9 among the Norrlanders. An "optimistic attitude to life" has an effect that is just as strong as that of income and is clearly stronger than that of education. This "optimist/pessimist index" does not covary at all with the size of the place where the respondent lives or with income or education, but it does – negatively however – with age. The older a person is, especially in upper middle age, the more difficult it seems to be to expect future improvements.

Being unemployed or on a disability pension markedly decreases happiness, while a religious outlook on life markedly increases it. We can also see that an "upward climb on the social ladder" increases happiness, for example, for a person who spent his or her childhood and adolescence in a working-class or farmer's home and who is now living in a higher official's, academic's or entrepreneur's home. On the other hand, a social climb in the opposite direction does not seem to result in a lesser degree of happiness. This observation might encourage support for strongly equality-oriented policies in Sweden (Greider

2010) as well as for politicians representing the "red-green" opposition alternative to the alliance government in the general elections in Sweden in the autumn of 2010.

The frequently seen conclusion in international research that being an immigrant or belonging to a national minority implies that a person is less happy can definitely not be verified in Norrland. The attribute "immigrant" has a negative effect, but not a statistically significant one. At the same time, we can see that if people have a strongly Sami or Tornedalian identity, they are happier "all other things being equal", a finding which runs counter to international research on the exposed position of immigrants and national minorities (for how a "strong" Tornedalian and Sami identity is defined see Lundgren 2009). In a binary analysis there is also support for this conclusion. Among all Norrlanders there are slightly fewer than 26 per cent in the category that has the values 4–6 in our "happiness index" compared to 31 per cent among Tornedalians and slightly more than 34 per cent among Sami (a statistically significant difference at the 0.000 level according to a Chi2 test). On the other hand, having an identity related to any of the other three national minorities – Jews, Roma and Finns – exhibits no significance in either direction. It may be pointed out here that Norrlanders with a strong Jewish identity have a considerably more positive attitude to the globalisation of society in Norrland than do other residents of the county (see Lundgren 2009, 179).

Regional economic research on the international, national and regional level into what promotes positive social development has recurrently emphasised culture and cultural events as being of decisive importance. It is a statement, or a hypothesis, that was brought forth early and energetically by Å. Andersson in the Swedish debate on regional policy (see Andersson 1985, 1988a, 1988b). According to this view, a rich cultural life would be decisive for whether an attractive living environment for local/regional development can be created for both enterprises and individuals.

Table 11.5 shows that if Norrlanders attach great importance to culture, then they also view their lives in a more positive light. We can also see that age does not influence general satisfaction with life, nor does whether a person lives in a one-person household. A non-linear estimate of age was tested, but it did not yield any statistical significance; in other words, it does not seem to be the case that a positive attitude to life might exist up to a certain age and then start to decline. Young and old people seem equal when it comes to having hope for

or regarding life pessimistically. Neither does there seem to be any gender difference. In some previous investigations being a woman has been found to be positively correlated with a higher degree of happiness, but this does thus not seem to be the case in Northern Sweden.

The interpretation we can make of Table 11.5 that if a person has a 10 per cent higher income, his or her "happiness" increases by a little more than 5 per cent. There is an equally strong effect from having a more optimistic attitude to life. Being on a disability pension or unemployed decreases happiness by about 25 per cent, as does entertaining plans to move. In the latter case, however, there is naturally a tangible problem with the direction of causality, that is, determining what is the "dependent" and the "independent" variable. Thinking of moving is quite certainly caused precisely by "unhappiness" of some kind; in other words, unhappiness among persons entertaining plans to move should be studied as a dependent variable to "be explained by something else", for example, satisfaction with life in the place where they live. However, we can draw the conclusion that plans to move have a strong negative correlation with the "soft" factors/statements expressed by the happiness index we constructed. We can also note that living in the municipalities in the north that are smallest demographically in absolute terms, for example, mountain communities, has no significant effect in either direction on well-being.

In Table 11.5 we can see that two geographical places actually exhibit statistical significance. Inhabitants of Skellefteå and Piteå experience life as clearly more positive that do people living elsewhere. Being a resident of Piteå would, according to these results, be associated with being no less than 2 "units" happier on the seven-degree scale, that is, "28 per cent happier", while residents of Skellefteå are about 22 per cent happier, "all other things being equal".

Table 11.5 also shows that being an employee significantly enhances Norrlanders' "satisfaction with life". On the other hand, being an entrepreneur has no significant effect in either direction. This might reflect one of the basic development problems in Northern Sweden, one seen in many other Swedish regions: a strong "employee culture" and lack of a strong entrepreneurial culture. In other words, at the local level a social climate is lacking that encourages entrepreneurship in the form of establishing new businesses and business development.

How large a part of the variation in well-being among nearly 2,400 Norrlanders can then be "explained" by these factors? It turns out, as always, that

Note: significant parameters in **bold**	B	Std Error	Beta	T	Sig.
Constant	**2.068**	**.259**		**7.897**	**.000**
Education	**.192**	**.083**	**.067**	**2.327**	**.020**
Relative income	**.562**	**.171**	**.102**	**3.288**	**.001**
Optimist	**.512**	**.105**	**.118**	**4.869**	**.000**
Religious	**.341**	**.098**	**.085**	**3.474**	**.001**
Culture	**.324**	**.087**	**.091**	**3.735**	**.000**
Unemployed	**-.513**	**.245**	**-.052**	**-2.093**	**.037**
Disablement pensioner	**-.459**	**.163**	**-.069**	**-2.812**	**.005**
Plans to move	**-.492**	**.107**	**-.112**	**-4.608**	**.000**
Wage earner (employed)	**.267**	**.095**	**.084**	**2.824**	**.005**
Entrepreuner	.163	.163	.026	1.001	.317
Upward Climb on the social ladder	**.226**	**.120**	**.048**	**1.883**	**.047**
Downward climb on the social ladder	-9.49	1.497	-.015	-.634	.526
Sami	**.286**	**.127**	**.056**	**2.253**	**.024**
Tornedalian	**.310**	**.123**	**.066**	**2.513**	**.012**
Finn	.043	.125	.009	.344	.731
Romany	-.018	.268	-.002	-.065	.948
Jew	.215	.208	.029	1.034	.301
Immigrant	-.244	.173	-.035	-1.411	.158
Age	.001	.003	.010	.374	.708
Östersund	-0.55	160	-.009	-.343	.732
Sundsvall	-.040	.134	-0.08	-2.95	.768
Umeå	.093	.131	.018	.708	.479
Skellefteå	**.402**	**.145**	**.070**	**2.772**	**.006**
Piteå	**.676**	**.190**	**.087**	**3.559**	**.000**
Luleå	.161	.159	.026	1.010	.313
Mountain municipality	.082	.115	.019	.719	.472
Woman	-.007	-.077	-.002	-.090	.928

Table 11.5 What explains satisfaction with life/happiness among 2.392 Norrlanders

relatively low explanatory degrees apply; that is a given individual's valuation of life is predicted on the basis of rather "blunt" background factors. The effects accounted for in Table 11.5 can only explain about 13.5 per cent of the total variation among the individuals surveyed.

References

ANDERSSON, Å.E. (1985). *Kreativitet. Storstadens framtid*. Stockholm: Prisma/Regionplanekontoret.

ANDERSSON, Å.E. & STRÖMQUIST U. (1988). *K-samhällets framtid*. Stockholm: Prisma.

ANDERSSON, Å.E (1988). *Universitet. Regioners framtid*. Stokcholm: Regionplanekontoret.

EASTERLIN, R (1974). Does economic growth improve the human lot? Some empirical evidence. In P.A. D. & M.W. Reder (Eds.), *Nations and households in economic growth: Essays in honour of Moses Abramowitz*. New York, Academic Press.

EASTERLIN, R. (1996). *Growth triumphant. The twenty-first century in historical perspective.* Ann Arbor: University of Michigan Press.

EASTERLIN, R. (2001). *Tillväxtens tidevarv. Det tjugoförsta århundradet ur historiskt perspektiv*. Stockholm: SNS Förlag.

FLEURBAEY, M. (2009). Beyond GDP: The quest for a measure of social welfare. *Journal of Economic Literature* 47(4), 1029–1074.

GRAHAM, C. (2009). *Happiness around the world. The paradox of happy peasants and miserable millionaires.* Oxford: Oxford University Press.

LEYARD, R. (2005). *Happiness: Lessons from a new science.* London: Allen Lane..

LIDSTRÖM, A. (2009). *Kan norra Sverige regionaliseras? Beslutsprocesser och medborgarperspektiv.* Umeå: Statsvetenskapliga institutionen, Umeå Universitet.

LIND, D. (2005). Lyckans ekonomi: ett framväxande forskningsområde. *Ekonomisk Debatt* 2, 32–43.

LUNDGREN, N.-G. (2009). Norrland, Sverige, Europa och världen. In A. Lidström (Ed.), *Kan norra Sverige regionaliseras? Beslutsprocesser och medborgarperspektiv,* pp. 185–194. Umeå: Statsvetenskapliga institutionen, Umeå Universitet.

NILSSON, Å. & WEIBULL, L. (2009). Det goda livet. In S. Holmberg & L. Weibull (Eds.), *Svensk höst. Trettiofyra kapitel om politik, medier och samhälle.* Göteborg: SOM-institutet, Göteborgs universitet.

NORBERG, J. (2006). Politiserad lyckoforskning gör ingen glad. *Ekonomisk Debatt* 3, 45-54.
WESTIN, K. (2009). Norrlänningarnas syn på livet och tillvaron. In A. Lidström (Ed.), *Kan norra Sverige regionaliseras? Beslutsprocesser och medborgarperspektiv*, pp. 95-102. Umeå: Statsvetenskapliga institutionen, Umeå Universitet.

CHAPTER 12

Soili Nystén-Haarala and Antonina Kulyasova

RIGHTS TO TRADITIONAL USE OF RESOURCES IN CONFLICT WITH LEGISLATION: A CASE STUDY OF POMOR FISHING VILLAGES ON THE WHITE SEA COAST

Introduction

There is nowadays global concern about fish resources and the sustainability of fishery, due to the fact that the resources are diminishing while fishery has become a large-scale industry (Loder 2005). The Convention on Biological Diversity (1992) urges governments to regulate the amount and means of fishery in order to preserve supplies of fish and other renewable biological resources for future generations. With the industrialization of fishery, traditional fishing has diminished. The Russian legislature has started to modernize fishery, leading to more extensive use of fish resources and diminishing the traditional use of fish. The tendency is similar to what has happened on the Canadian, U.S. and European coasts, as well as elsewhere, to a great extent with huge, efficient trawlers pushing local fishermen out of their own fishing areas (Ostrom 1990). However, there are still small communities that depend on traditional fishery. The Pomors of the White Sea coast are an example of people who still get their livelihood from the exploitation of natural resources and fishing with traditional methods. Their traditional use of natural resources has kept these communities alive for centuries, even through the Soviet times (Kulyasova and Kulyasov 2009). Now, however, new market economy legislation and the increasing number of other users of the resources threaten their traditional way of life.

The drafters of the new Russian federal law on fishery seem to have adopted the widespread idea of the "tragedy of the commons", which was presented in Garrett Hardin's famous article in 1968. According to Hardin, rationally behaving people always tend to maximize their own gains, and when it comes to common resources there is no limit to self-interest without state intervention or some other outside coercion to limit it (Hardin 1968). The Nobel laureate Elinor Ostrom's empirical research on the commons, however,

shows that self-organized governance of the commons can also function effectively. She presents empirical evidence of both successful and unsuccessful self-governance (Ostrom 1990). Traditional fishery does not necessarily imply that people can fish anywhere as much as they want to, but sets rules on the division of resources, taking into consideration the need to preserve them for future generations. Pomor fishing on the coasts of the Onega Peninsula seems to fill the criteria which Ostrom gives for effective governance of the commons with self-organization and rules that are accepted by all users (Ostrom 1990). Fish were abundant on the coasts of the Onega Peninsula before newcomers introduced more effective fishing based on new state-created rules that conflict with the traditional rules. Self-organization no longer functions if all users do not respect it.

Legal sociologists have studied co-existence and conflict between nation state regulation and local rules ever since Eugen Ehrlich's empirical research on different ethnic groups' legal institutions in the Duchy of Bukowina in Austria during the era of great codifications by nation states. Ehrlich argued that the "living law" which people apply in their legal relationships is what matters most (Ehrlich 1967). This kind of co-existence of several legal systems, which legal sociologists call legal pluralism, was also typical of British colonies, where local rules were allowed to co-exist with British law in order to avoid conflicts with the local people (Michaels 2005).

The co-existence of traditional rules and state laws has been and still is typical of the legal regime under which indigenous peoples live. For instance, in Finnish Lapland, some state authorities are reported to have ignored national legislation up till the 1960s whenever traditional fishing conflicted with state regulations (Joona 2011). Typically, legal centralism and the sovereignty of the state have gradually taken over, and traditional rules have been interpreted as having lost their significance, unless they have been adopted into nation state legislation. Yet, the indigenous population has continued to follow its traditional rules, such as the division of fishing and berry picking areas between indigenous families, and has every now and then demanded that they be officially accepted, as well (Joona 2011).

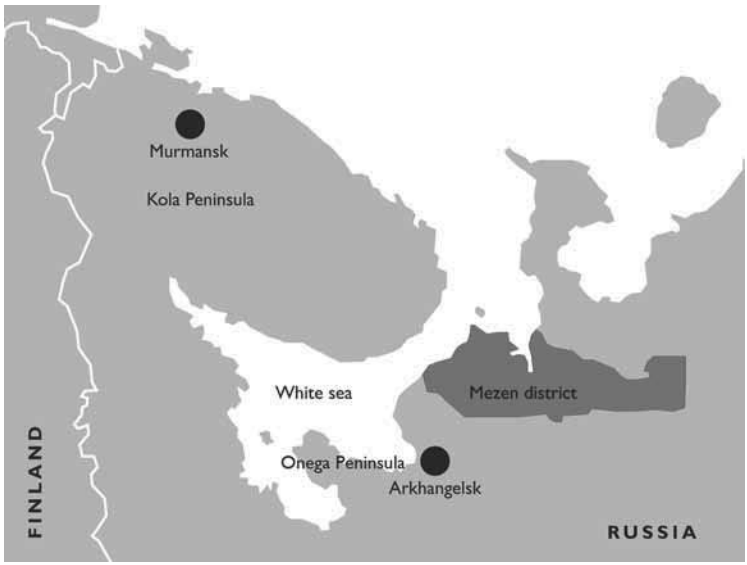
In the Nordic countries the requirements of ILO Convention No. 169 on the Rights of Indigenous and Tribal Peoples have put pressure on states to regulate the rights of indigenous populations to land and natural resources. This demand is based on the idea that international law and its regulations on hu-

man rights are worldwide principles that are above the laws of individual states (Anaya 1994). The special regulation concerning fishery in Upper Lapland in the fishery law of Finland and the exclusion of the region of Finnmark from the national fishery law in Norway are examples of the adoption of the principles of the ILO Convention in nation state legislation (Joona 2011; Ravna 2011).

In Russia the sovereignty of the state is a strongly established doctrine. The Leninist doctrine of the state as the sole creator of legal rules (Lenin 1974) is still strong, even though it has led to double standards for many groups in the multinational population of Russia and unrecognized legal pluralism in practice. The 1993 Constitution of the Russian Federation introduced a totally new principle declaring that the principles of international law are above those of Russian legislation, and in case of conflict the international principles prevail (Articles 15.3). The rights of indigenous peoples are recognised, in principle, in federal legislation. The Law on the Guarantees of the Rights of Indigenous and Small Peoples grants "small and indigenous" peoples rights concerning traditional fishing and/or hunting (39.4.1999 N-82-FZ). The groups which have received the status of indigenous peoples are peoples in the North and in Siberia whose population does not exceed 50,000 people (17.4.2006 N536p). Other ethnic groups have no special rights outside of general legislation. The Pomors have not officially been recognized as an indigenous people or even a separate ethnic group in Russia. Therefore, the traditional legal regime of the Pomors is unprotected, and the local fishermen are poachers in the eyes of the state legal regime.

In this article we first explain who the Pomors are. Secondly, we outline the development of the official rules concerning fishery in Russia. We then describe the conflict between nation state law and local practice based on interviews in Pomor villages. Finally we try to find solutions to the conflict by drawing comparative examples from the neighbouring countries, Finland and Norway, which are struggling to comply with the ILO Convention on the Rights of Indigenous Peoples.

The method is empirical, covering eleven fishing communities in the Mezen district (see Map 12.1) of the Onega Peninsula on the White Sea Coast. The research was carried out in 2004–2011 through interviews with the local population, participatory observation and focus groups. Literature on the history of the Pomors is provided for information on the social and economic development as well as the origins and exercise of traditional rights. Legislation is studied together with legal commentaries to describe the official legal regime.



Map 12.1 The Mezen District *Source: Arctic Centre*

The information concerning the enforcement of legislation is based mostly on interviews with the Pomors.

The Pomors and their communities

The people who have lived on the Western coast of the White Sea from the 11th and 12th centuries onwards and who traditionally got their livelihood from fishery are called Pomors; the area is called Pomorie. The first inhabitants of Pomorie were Finno-Ugric people, who assimilated with people who came from Novgorod to the north during the 10th to 12th centuries. As a result of this assimilation, the original Finno-Ugric language died out. In 1471 Pomorie, together with Novgorod, joined the Muscovite State. In the 15th and 16th centuries not only people living on the West coast of Onega, but also people living near Lake Onega, the Onega River, the Northern Dvina River, Mezen, Pecho-

ra, Kama, and Vyatka as far as the Ural Mountains were called Pomors. Later in the 20th century "Pomor" started to mean any inhabitant of the Russian North (White Sea basin). Yet, in the narrower definition, Pomors are people who live on the White Sea Coast and get their living from fishery (Bulatov 1999, 5–6).

Historians have differing opinions on whether Pomors are a separate ethnic group or a sub-ethnic group of Russians. Bernshtam, a famous Soviet ethnographer, regards them as a sub-ethnic group of Russians, although she considers them to have a special Pomor identity (Bernshtam 1983). Kotlyakov, on the other hand, finds features of a separate nation, because of a long period of autonomy under Novgorod, and regards them as a separate people in the Slavic family in the same way as Ukrainians and Belarusians (Koltyakov1997, 136). Similarly, Bulatov also regards the Pomors as a separate people, because he detects almost all the signs of a nation, such as their own territory, their own northern culture and psychological features, and their own Northern Russian language, which has largely disappeared but can still be found in local dialects and sayings (Bulatov 1999, 9). Ethnically, the Pomors can be described either as an indigenous people or a sub-ethnic group of the Russians.

Pomor traders travelled to both the West and the East. Typically, they had a reverent attitude towards the sea, which gave them their livelihood. Literacy was quite well developed among the people, because reading, writing and calculating were needed in trading (Bernshtam 1983). They had their own fishing culture, their own methods and tackle, such as long lines, nets and seines, which often require the cooperation of a group of people to use. Traditional Pomor songs, rituals, and dialect almost disappeared during the Soviet period, but Pomor fishery, traditional resource use, traditional building style and other everyday practices continued to exist among the people living in the remote coastal areas of the White Sea.

Earlier the Pomors owned their fishing boats privately, but the Soviet State forced them to live in fishing kolkhozes, which were a form of collective farms. Although private property was abolished, the Pomor communities continued to live in quite a traditional way, since whole communities were incorporated into the kolkhoz system. The captain of the fleet was the kolkhoz leader and every inhabitant participated in fishery. The collective farm shared the income from fishery and supported the village, which had its own school, library and house of culture (Kulyasova and Kulyasov 2008).

In the fishing kolkhozes the Pomors also farmed and utilized the forests, although farming was never as profitable as fishery. The modernization of fishery

started in the 1950s and 1960s. Kolkhozes bought bigger trawlers and modernized their equipment. However, the Pomors did not abandon their own traditional fishery, but continued to practice it for their own livelihood in the coastal area and in rivers and lakes. The 1970s and 1980s were quite a good time for fishery, which supported the villages considerably well, although their fishing quotas were diminished because of international agreements. Most Pomor trawlers, however, could not go far out on the ocean, focusing on fishing within the territorial waters of Russia. The 1990s were an even better period, because the Pomors started to cooperate with Norwegians and sell fish abroad. President Yeltsin's decree in December 1992 allowing fishing entities to keep 90% of the currency which they earned from exports reanimated the pre-revolution cooperation with Norwegians (Kulyasova and Kulyasov 2009; Riabova and Ivanova 2009).

The Pomor communities have continued to be considerably self-sustained and self-organized. The communities consist of about 300 inhabitants, and have their own schools and libraries, but the roads to the outside world are poor. Many villages cannot be entered in spring or autumn, and ice-roads are used in winter. Isolation has forced the communities to become self-organized and self-sustaining. Social relationships are important and continue to exist with people who have moved away from the village for study or work (Kulyasova and Kulyasov 2009).

A radical worsening of the socio-economic situation has taken place during the last few years due to the loss of fishing rights. Although fishing kolkhozes have survived in all the villages we studied, they have lost their role as the fundamental socio-economic institution. The main reason for this development is that most of the kolkhozes were taken over by a single commercial player. The goal of acquiring more fishing quotas for industrial fishery and later selling them for a profit was the reason for this merger, which was initiated by federal policy (Kulyasova and Kulyasov 2009).

Because of the functioning of this one effective commercial organisation, only a couple of independent fishing kolkhozes have survived in the Arkhangelsk region. Others lost their independence or were driven near bankruptcy. As a result, many kolkhoz members who were active earlier lost their jobs in the kolkhoz and consequently their power of decision in meetings of kolkhoz members. This led to a decrease in the production of the kolkhozes in the villages. Most of the village population lost their jobs. Consequently, fishing for household use in rivers and lakes started to be more important for their survival.

The development of official fishing rights

Even if the Pomors consider (traditional) fishing on the White Sea as having been free from time immemorial, fish as a resource has formally belonged to the state ever since Tsar Peter the Great's decree of 1704, in which he declared that all the fish belonged to him personally (Bekyashshev et al 2007). In 1876 Pomors were given special rights to build ships and fish freely in the Arkhangelsk Governorate. The right was limited to two sea-going ships or five river ships per peasant, and the governor had the right to control the enforcement of the law (Bekyashshev et al 2007). Evidently, the Pomors were following their own traditional rules, which the state formally granted to them through the special law. The high number of ships per peasant shows that Pomor fishing activities were substantial in the 19th century. Richer peasants hired poorer ones to work for them. The traditional regime and the formal state regime co-existed quite peacefully probably because there was no real competition for the abundant fish resources.

The collective farms (fishery kolkhozes) introduced by the Soviet state preserved the traditional structures, since whole communities were transferred under the collective farm structure. During the Soviet times the fishing collective farms had an advantageous tax situation. Until the 1970s there were no quotas for fishing. The kolkhozes had to fill the state plan with a certain amount of fish, but it was accepted that this plan was not up to date. Therefore they were allowed to fish as much as they could. The traditional regime continued to exist under the auspices of the Soviet structures (Kulyasov and Kulyasova 2009).

The official and traditional regimes clashed following the collapse of the Soviet Union and the introduction of a market economy. The management of natural resources underwent a radical transformation. The former federal bodies were dismantled and the ministry that was responsible for fishery was abolished, as well as the Federal State Committee for Fishery. A great number of small private fishing companies emerged from the ruins of huge state companies. The total number of catches dropped, and the Russian fleet began to fish mainly inside the Russian economic zone (Riabova and Ivanova 2009, 86).

On the Onega Peninsula the fishing kolkhozes continued to exist. Even earlier they had focused on coastal areas and the domestic economic zone. Although export was now supported and new markets opened, the Russian rouble was devaluated, and soon there was no money for fuel and the repair of ships. Furthermore, the new Russian Federation introduced auctions for the

exploitation of natural resources, including fishing rights. The fishing collectives faced problems when they were forced to buy quotas for fishing and pay taxes. They did not have the necessary financial resources to buy enough quotas, pay taxes and keep their ships in good condition. The fishing collectives suffered, and many of them went bankrupt. Some were transformed into private companies, but some decided to continue as fishing collectives. Finally one commercial player took over most of them.

However, the period of selling fishing quotas by auction did not last long. From 2004 onwards, the quotas were divided according to the so-called "historical principle", meaning that the average amount of fishery of the kolkhozes was calculated for the next five years, based on earlier catches, and the five year quota that was obtained in this way was then prolonged to ten years. In this way each kolkhoz obtained a certain amount of quotas based on its own special circumstances (Kulyasova and Kulyasov 2009).

The Federal law on Fishery and Preserving Aquatic Biological Resources (26.11.2004 N 171) was not enacted until 2004. The disputes during the drafting process mostly concerned the division of powers between the Federation and the regions. The Constitution of the Russian Federation declares that natural resources are under the joint jurisdiction of the Federation and its regions (Art. 72). The Constitution also declares that natural resources are to be used for the benefit of those who live in the areas (Art. 9). The Law on Fishery ended in victory for the Federation as far as the interpretation of the concept of joint jurisdiction is concerned. During President Putin's first presidential term, all natural resources became federal by means of new or revised federal legislation. The rights of the regions to make decision concerning the use of natural resources were diminished on the grounds of equality between the regions and the fight against corruption, which was detected at the regional level, but ignored at the federal level. The regions, which still tried to claim management of coastal fishing for themselves, were only allowed to give advisory opinions on coastal fishery (Riabova and Ivanova 2009).

The aims of the Law on Fishery are preserving biological resources on the one hand and increasing industrial fishery and the amount of catches on the other. According to the Law on Fishery and Biological Resources, fish resources belong to the Federation (Art. 10), which establishes fishing quotas and gives permission to fish for industrial purposes. The responsible authority is the Federal State Agency of Fishery (Rosrybolovstvo), which works under

the Federal Ministry of Agriculture and its Decree on Quotas. The fishing quotas are based on the evaluations of PINRO, the state maritime research organization. Quotas for industrial fishery are issued for a five-year period. The subject of the Federation (the region) can issue a fishing permit for industrial use for a new entrepreneur for the first three years of activity. The latter regulation was disputed during the drafting process: those who opposed the right of the region to give additional fishing rights referred to the potential overuse of resources and wanted to give control completely to the federal organs (Il'yasov et al. 2007, 146). Along with the quotas, fishing organizations and fishermen also get permits to fish for industrial purposes from the Federal State Agency of Fishery.

The Law on Fishery also recognizes a new fishing category called "coastal fishing" (Art. 20), which means fishing by small and medium-sized enterprises not only in coastal areas, but also in territorial waters, the continental shelf, the Russian economic zone, and even on the high seas. The main feature of coastal fishing is that it is driven by small enterprises such as the fishing kolkhozes of the Onega Peninsula. The concept was included in the law in order to recognize the importance of small-scale fishery in Russia (Il'yasov et al. 2005, 105). However, the distinction between industrial fishing and small-scale industrial fishing is unclear. The Federal Ministry of Agriculture has been given the authority to issue special norms on benefits or exceptions for small-scale fishing, but so far it has not exercised this power (Il'yasov et al. 2005, 107). Therefore coastal fishing does not have a special status with special subsidies; this new category of fishing only constitutes an option for special treatment in the future. The regions, which are allowed to give advice concerning coastal fishery, have an opportunity to influence federal fishery management in this respect as well. Special benefits at the regional level are also possible. However, it looks as if the Ministry wants to support large-scale fishing above all.

The Pomors have to compete with both industrial fishing in their traditional fishing areas and with increasing recreational and sport fishing for touristic purposes. The Federal Law on Fishery considers tourism as an important developing branch of business, especially in the countryside (Bekyashev 2007). Sport and recreational fishing is either free of charge for all Russian citizens or subject to a fee, depending on what equipment is used and at what scale the fishing is done. In principle, only angling is free. Tourist enterprises buy permits and sell them to tourists, including foreigners. Free fishing by ordinary citizens

goes back to Soviet times and can sometimes be carried out more or less professionally (Il'yasov et al. 2005).

The re-distribution and formation of new fishing areas has recently become one of the key issues in the Arkhangelsk region for both coastal fishing and fishing in rivers and lakes. Some of the earlier kolkhoz fishing areas remained in the hands of the kolhozes, while some have been transferred through auctions to new users. However, regional organs – specifically the Committee of Fishery of the Arkhangelsk Region – started actively to form new fishing areas, which were approved by the Federation, and sold them by auction. In this way some fishing areas which were traditionally used by the local population have ended up in new hands. For instance, the former fishing areas of the kolkhoz on the river banks near the village of Letnaya Zolotitsa on the Onega Peninsula were given to a tourism company, which built a tourist centre near the village. As a result, the local population was supposed to turn to the tourism company buy a legal permit to fish.

The kolkhozes are concerned about the village populations and try to provide them with an opportunity to fish. They can, for instance, give them a permit to fish in their industrial fishing areas. However, fishing areas can be established either for industrial fishery, in which case the local population is not allowed to fish for their own household needs, or for recreational fishery, in which case the kolkhoz is not allowed to fish for industrial purposes. It is not profitable for the kolkhoz to own fishing areas only for recreational use. Therefore, violations of the law become inevitable (Interview with a representative of a kolkhoz 2011).

Traditional fishing has been included in the law (Art. 25) only as a special right of indigenous peoples that are included on the list of small indigenous peoples with populations of less than 50,000 people. They have the right to fish for their traditional livelihood, but this does not include large-scale commercial fishing. The federal agency of fishery also sets limits on how much each indigenous group can fish. However, the indigenous groups do not have to participate in the auction of quotas. As mentioned above, the Pomors are not included on the list of indigenous peoples

The monitoring of biological resources is the task of Rosrybolovstvo and PINRO, the agency which collects and analyses information on the state of biological resources. The control of legal fishing is the duty of Roshoznadzor, the organ that controls natural resources (Art. 43.2). The customs authorities seem to take care of the control of fishing permits in coastal territorial seas, such as

the White Sea, as well. The penalty for poaching is generally a fine and the loss of one's fishing permit, as well as confiscation of the catch and the tackle. The fine can be as high as 300,000 roubles, and a prison sentence of up to 2 years can be imposed (Bekyashsev 2007). In Russia there is both criminal as well as administrative liability, the latter of which is based on the Law on Administrative Breaches of Rights (20.12.2001 N 195-FZ). The administrative regime includes fines, confiscation and the loss of one's permit as penalties. The fine can extend to a maximum of 50 times the minimum monthly salary.[88] Penalties for administrative liability are easy for the authorities to collect, because they do not have to take the case to court unless the citizen insists. Therefore, the organs that control fishery prefer to deal with poaching through administrative measures.

The role of the Pomor Movement

The difficult economic situation during the post-Soviet period awakened the interest of the leadership of the kolkhozes in the newly emerged Pomor Movement. The perestroika and glasnost policies of the last years of the Soviet Union generated a nationwide revival of national and ethnic identities. The Pomor Movement was initiated in the 1980s among city dwellers who became interested in the dying Pomor culture. The village populations were not interested in the movement at first; for them the Pomor identity was quite natural and was part of the way of life in the fishing villages. The fishing kolkhozes, however, were interested in the movement for economic reasons. The Pomor Movement wanted the Pomors to be granted the status of an indigenous people, since fishing continued to be free for indigenous peoples in support of their own livelihood. However, the Pomors did not receive the status of an indigenous people. Their attempt to get on the list of indigenous peoples was rejected in 2007 based on the specialist opinions of the Kunstkamera of St. Petersburg and the Institute of Ethnology and Anthropology of the Russian Academy of Sciences, which regarded Pomors as Russians (The Pomor Movement website). One reason for the negative decision is the double identity of Pomors. Many urbanized inhabitants of the region consider themselves to be Pomors, but since they no longer earn a living from traditional resources, they do not see any point in demanding a special status, but

88 The minimum salary is 4611 roubles a month according to the Law on Minimum Salary 19.6.2000 N 82.

instead regard themselves as Russians. Pomor ethnicity, however, was recognized in the population census of 2002. According to the census, 6571 people identified themselves as Pomor, 6295 of them in the Arkhangelsk region (The Russian Population Census). In the census of 2010 only 3113 people registered themselves as Pomors (The Pomor Movement website). The Pomor Movement claims that in the Arkhangelsk region people who worked for the population census agreed not to give people a chance to register their Pomor ethnicity even though it was an option. Therefore, those who wanted to register themselves as Pomors had to insist on it (The Pomor Movement website; Kulyasova and Kulyasov 2009; Interview with the leader of the Pomor Movement 2011).

Another strategy of the Pomor Movement is to disseminate information concerning ILO Convention No. 169 on the Rights of Indigenous and Tribal Peoples among the population. Russia has not ratified the Convention, although the official opinion is that the rights of indigenous peoples are guaranteed by legislation. The status of indigenous people has, however, been limited to only 40 small groups that have a population of less than 50,000. Although the Pomor have not been able to get on the list of Indigenous and Small Peoples and their special ethnicity has been rejected, they were recognized as an indigenous people in the FSC certification of the company Onegales, which agreed to give them an opportunity to utilize their own forests (Kulyasova and Kulyasov 2008).

In the next chapter we will describe the conflict concerning fishing rights and its socio-economic effects on Pomor fishing communities based on the empirical information described above.

Traditional practices of fishery or poaching?

In this chapter we give examples from Pomor villages in the Mezen Rayon of the Onega Peninsula in the Arkhangelsk region in order to understand how Pomors fish and what their conception of poaching is. Even nowadays people in the Onega Peninsula fish for their own household use with traditional tackle, including special seines and fyke nets and other kinds of nets and lines. Furthermore, they also engage in fishing under the ice with seines and fyke nets as well as special kinds of angling for navaga fish.

This more extensive traditional fishing is permitted only with a permit and only in industrial fishing areas. However, the fishing tackle is laid on coast-

al strips and in the mouths of rivers flowing into the sea. In the villages of the Mezen Rayon, where the research was conducted, catching of fish occurs mainly in rivers and at the point where rivers flow into the sea. The fishermen use the kinds of nets they have traditionally used, although neither federal nor regional legislation recognizes these traditional features of fishery.

However, it is very difficult to engage in these fishing practices legally: "All our people feel the pressure of these restrictive decrees and regulations on local fishery. It is the stumbling block. If everything is forbidden, you need to take a closer look and find ways to get around it…" (Interview 17, employee in a kolkhoz office, Mezen Rayon 2010). In the present circumstances people engage in silent protests, which the whole community accepts, because the restrictions violate their values: "We are northern people, not fighters, but when a person cannot accept a law deep in his heart, he would rather try to find possibilities to break the law" (Interview 18, the vice-leader of a kolkhoz, Mezen Rayon).

As a result the local population developed its own special conception of poaching: "At the present time I have not met any real poachers, and I have lived here more than 50 years. In our understanding a poacher is a person who destroys fish, destroys nature, and fishes and sells the fish for his own enrichment. You are supposed to fish to eat and to feed your family" (Interview 17, employee in a kolkhoz office, Mezen Rayon 2010). Therefore, local people who use traditional fishing methods do not regard themselves as poachers.

The following examples show how people have become poachers in the eyes of the nation state law because of the collision of legislation and traditional rules. The first example is from the mouth of the Kuloi River, which, according to the present legislation, is regarded as a protected spawning river where only angling is allowed. The river mouth naturally contains salt water, because the tidal current brings seawater there. The local population fish in May during the high tide with seines, because other kinds of fishing are impossible: "the population does not travel anywhere, they lay down the seine and catch here from 50 to 100 kilograms of fish, which is enough that they don't have to fish any more for a long time. In the village they sell the fish to *babushkas* (old ladies) for 15 roubles a kilogram, and that is all" (Interview 15, head of local administration, Mezen Rayon 2010). This practice makes all the informants we interviewed, as well as the people in the villages, poachers.

Another example is fishing for flatfish on the seashore: "From the sea to the shore you can see enormous amounts of flatfish. They are just everywhere. If you fish with a seine. Anyway, it [that kind of fishing] will be fined. Officially, you need to have a fishing area" (Interview with the head of local administration, Mezen Rayon 2010). A third example comes from the Onega Peninsula, where pensioners lay a fyke net across the river mouth to fish for their own household purposes. This is illegal, because they are fishing in the industrial fishing area of a kolkhoz without a permit; if the authorities catch them, their fishing tackle will be confiscated (Interview with a retired fisherman, Onega Peninsula 2011). All these examples show that the local people are forced to become poachers.

According to the local interviewees, the authorities' fight against poaching by the local people has changed during the last few years. The interviewees have noticed that a few years ago the authorities appeared quickly and acted very strictly. When they caught someone fishing illegally, they confiscated all the fishing tackle and sometimes even destroyed it. Strict fines were imposed on local people who were caught fishing illegally. There were many checks, several times a month. During the last two years, however, the control has loosened. The authorities appear, for example, once a month, and they don't confiscate fishing tackle at all (Five interviews with local fishermen and a representative of a kolkhoz, Onega Peninsula 2011). According to the local interviewees, the reason for the looser control is that there are secret instructions for the authorities to ease up in order to give the local population an opportunity to fish. The truth of this argument may be disputed, but it offers a typical example of how strict Russian legislation is softened by the non–enforcement of it in practice. Because of such enforcement practice, however, the traditional rights remain illegal.

Who is a real poacher in the eyes of the local population? In their opinion, the main violators of the law are the authorities themselves. Practically everyone in the villages of the Onega Peninsula said that the border guard detachment, which also monitors fishing, confiscates fishing tackle from the local population and then fishes with the same tackle right before their eyes. This kind of behaviour by state authorities provokes a negative attitude among the local population towards the state authorities as the worst poachers. It is doubtful that official legislation, which is respected neither by the local population nor by the authorities themselves, can fulfil the aim of preventing the overharvesting of fish and other biological resources.

Comparative examples of the recognition of traditional fishing rights

The direct change from considerably free fishing rights to state-arranged auctions in the Russian Federation was quite radical. The main justification for the new legislation on the auctioning of fishing quotas was the protection of biological resources (Ilyasov et al. 2005). Another background motivator was the centralization tendency and the assumption that effectiveness and centralization go hand in hand. The Russian federal government seems to believe that formal legislation is the only effective way to control the use of natural resources and that the users of these resources simply have to adjust to rules imposed on them from above. The government seems to ignore problems which arise from various informal institutions, the same way that citizens typically ignore the formal laws and institutions. Traditional fishing rights are recognized only in the framework of the Law on the Guarantees of the Rights of Indigenous and Small Peoples (30.4.1999 N 82-FZ). Self-regulation of local populations is not recognized at all. The participation of local people would be extremely important in such a huge country with a large number of differing local traditions with which the federal centre is not necessarily familiar. Adjustment to local traditions, however, seems to be regarded as ineffective.

The Russian situation is not unique: a similar development took place earlier in the Western countries. Elinor Ostrom has reported on the state taking over the commons in Nova Scotia, Canada, justifying its interference as necessary to prevent "the tragedy of the commons". The result of state interference, however, has been the ousting of local fishermen from their fishing areas, which have been given to "more effective" commercial newcomers. Traditional rules and self-regulation have been ignored. Ostrom criticizes particularly the belief in one method only, such as only state regulation or only private governance, pointing out that local fishermen have long applied self-regulation in order to control the amount of catches (Ostrom 1990). The head of a fishing kolkhoz sees the situation in Russia as follows: "Once this was not a private traders' business. […] But then, in the 1990s private traders appeared everywhere, here and in the Far East. And, of course, they needed to make profits. They most likely also had friends in the government. They were able to lobby for their interests in the Duma. And that was it. They decided to pool everything, and everything was redistributed at our expense."

Russia's neighbouring countries, Finland and Norway, have quite a similar history of fishery. The indigenous peoples of Lapland have followed their own traditional rules for fishing in lakes and rivers for centuries. Fishing areas have been divided among families, and these rules have been followed in spite of differing national legislation. In Finland fishing rights are connected with land ownership of riverbanks and lakeshores. There are also many common law fishing rights (usufruct) from time immemorial concerning lakes and rivers in the whole country. Otherwise, fishing without a permit is allowed only for local inhabitants and only for angling. For other kinds of fishing, permission from the landowners, who have formed fishing communities, is needed. Even angling is limited to local people in Finland, whereas in Russia all citizens are allowed to angle everywhere. In Russia, only for more extensive kinds of fishing is a permit required.

Contrary to other parts of Finland, where private land ownership prevails, in Finnish Lapland the most prominent landowner is the state, the rights of which are represented by the State Forestry Agency. Hence, land property rights can be compared with the situation in the Russian Federation. There are reports in Finnish Lapland of local police chiefs closing their eyes to violations of state laws that conflict with traditional rights. Local people have been allowed to fish in Lappish rivers and lakes in spite of the official requirement of a permit. As in Russia today, the practice has been varying: some authorities have strictly applied the law of the nation state, while others have ignored it because of their own knowledge of local traditions (Joona 2011).

Fishing laws have been updated in the Nordic countries because of new EU regulations. The ILO Convention on the Rights of Indigenous Peoples (No. 169) has also put pressure on national legislatures to recognize the rights of the Sami people, the only officially recognized indigenous people in the European Union. The Sami live in Norway, Sweden, Finland and the Kola Peninsula in Russia. The Sami also have the status of indigenous people in Russia and are included on the list of small and indigenous peoples. According to the ILO Convention, the rights of indigenous peoples to natural resources and land should be restored or at least settled in a fair manner. The Nordic countries have tried to find new solutions to align their legislation with the requirements of the Convention. The solutions in Finland and Norway have been quite similar. Unlike northern Norway, Finnish Lapland does not have seacoasts, but fishing in Lake Inari, as well as in smaller lakes and rivers, is important for both the local population and for the purposes of tourism.

In Norway there is traditional fishing in coastal areas as well as in inland waters. Finnmark, the northernmost county of Norway, was excluded from the new national fishery law. The special law, called the Finnmark Act (No. 85/2005), differs considerably from earlier land legislation. It aims at protecting the Sámi culture and has turned land which earlier was owned by the state over to an agency called the Finnmark Estate, which administers land and natural resources. The Estate's board of directors consists of six people: the Sámi Parliament appoints three, and three are selected by the Finnmark County Council (Ravna 2011). Section 21 of the Act states that the Finnmark Estate "shall manage the renewable natural resources on its land in compliance with the purposes of this Act and within the frameworks provided by the Wildlife Act, the Salmonid and Fresh Water Fish Act and other legislation". Section 22 gives to individuals living in the municipalities of Finnmark the right to fish for freshwater fish with nets, to fish for anadromous salmonid with fixed gear in the sea, to gather eggs and down, etc. This special legislation gives the same fishing rights to both the Sami and others, including the Kvens, who do not have the status of an indigenous people, for which they have applied without success. In this respect the Kvens can be compared to the Pomors. They are actually descendants of Finns who moved to the Norwegian sea coast to escape famine in Finland in the 18th and 19th centuries and have lived there from traditional coastal fishing ever since (Saressalo 1996).

Sami rights to land have still not been settled Finland, which prevents Finland from ratifying the ILO Convention and has produced a great deal of criticism (e.g., Anaya 2012). The recent fishery law, however, regulates fishing in three municipalities of Upper Lapland differently from the rest of the country and quite similarly to the way Norway has regulated fishing in Finnmark. According to Section 12 of the Law on Fishery, all local people living in the three municipalities of Upper Lapland have the right to fish in Lake Inari. The local inhabitants are indigenous Sami, Finns (the majority population), and all other people who live in the area of the three municipalities. This regulation has led to a peculiar situation where a seasonal employee who comes from Southern Finland is allowed to fish without a permit, while an indigenous Sami who lives in a neighbouring municipality does not have the same right (Joona 2011).

The Sami, as well as Finnish specialists of constitutional law, suggested that this right be extended only to indigenous people, but the Ministry anyhow drafted the law differently, and the Parliament approved the draft (Joona 2011).

The regulation circumvents the bitterly disputed issue of defining who is a Sami and who is not. The precise population of the Sami is not known, because the Nordic states do not keep a register on ethnicity. The estimated number of Sami varies between 75,000 – 100,000, 45,000 of whom live in Norway, 20,000 in Sweden, 8000 in Finland, and 2000 in Russia (Kulonen et al. 2005). Among the population are some whose Sami ancestors abandoned reindeer herding centuries ago and become farmers and in some cases abandoned the Sami language for Finnish, and some who were historically registered as Lapps only because they practiced reindeer herding. The official definition of the Sami Parliament is thus quite narrow.[89] There is a large mixed population whose situation can be compared with that of the Pomors, whose status as an indigenous people is likewise disputed.

Local inhabitants of the three municipalities of Upper Lapland (Inari, Utsjoki and Enontekiö) select a negotiation committee which gives an annual statement on fishing rights for outsiders. The state Forestry Agency must comply with these statements. Fishing rights for outsiders are usually granted only for recreational and sports fishing purposes. The arrangement makes self-organized governance of fishery in Lake Inari possible, as well as allowing local disputes to be decided at the local level. Parallel to the free fishing rights of every inhabitant, the local people also have traditional fishing areas, which are divided among families. From time to time, the Sami have tried to have these traditional rights be officially recognized as official rights by the state either through proposals to the Parliament or by taking disputes concerning traditional rights to court. At the legislative level, the locals have not been successful, but courts sometimes recognize traditional rights as rights from time immemorial (Joona 2011). Such rights can be recognized in the property law of Finland, Sweden and Norway. Even if the rights of the Sami concerning land have not yet been settled in Finland, a trend towards officially recognized self-regulation, which may take local circumstances into consideration, can be seen.

Although the situation in Finnish Upper Lapland and Norwegian Finnmark is not an ideal one and many disputes still need to be resolved, the idea of

89 The definition is connected with language. A Sami is a person who identifies herself as a Sami and who is either a native speaker of Sami or has at least one parent or grandparent who learned Sami as a first language (The Sami Parliament Website). In order to have the right to vote in the elections of the Sami Parliament, one must have an ancestor who was registered as a taxed Lapp (reindeer-herding Sami) in the old tax records.

a committee that applies local decision-making on the use of natural resources in a self-regulating manner can be recommended as a possible solution to the difficult situation of the Pomors. In Pomorie, it should be even easier to solve the problem since the Pomors are not threatening the rights of any (other) indigenous peoples. Their fishery rights could be recognized as rights of the local population, depending on fish resources, without entering into a dispute on whether or not the Pomors are an indigenous people.

Conclusion

Whether they are considered to be an indigenous people or not, it is clear that the Pomors are a group of people who are dependent on traditional fishery. The Pomor Movement has tried to get the status of an indigenous people for the Pomors in order to guarantee them the right to fish at least for their own livelihood. In other words, the Movement is trying to get traditional rights recognized in the legislation of the nation state. The Movement also provides information about the ILO Convention on the Rights of Indigenous Peoples in Pomor villages, referring to international law, which obligates states to respect the rights of indigenous peoples. This may be a difficult way to find justice in the conflict concerning fishing rights because of the double identity of the Pomors and because the name "Pomor" can be used in various ways. Attempts to reinterpret the status of indigenous people can lead to endless disputes concerning ethnicity and the definition of indigenous people. The Pomor Movement could also try to refer to the special economic, social and cultural situation of the Pomors and demand special legislation, examples of which can be found both in the history of Pomorie and in recent legislation in neighbouring countries. The reason for not pursuing this alternative may be that special legislation is not popular in contemporary Russia, where similar rules for everybody are understood as a guarantee of equality.

It seems that stronger commercial players have been able to influence legislation and align their needs with the strong trends towards centralization in the legislation concerning natural resources. Weaker groups have great difficulties being heard both in the federal centre and at the regional level, where short-sighted commercial gains are often preferred to protecting vulnerable local groups that are suffering because of the changing socio-economic environment. There are,

however, some small signs of a gradual acceptance of special regulations to support weaker groups in Russia. The category of small coastal fishing in the Fishery Law is at least a sign that the problem of small entrepreneurs competing with bigger, more resourceful ones has been recognized. Subsidizing small business could be one solution to the problem of the Pomor fishing kolkhozes, but it would not solve the crucial problem of traditional fishing for unemployed Pomors' own household purposes and the small-scale selling of fish in the villages.

Self-organization and the possibility to take control of their own living circumstances have been traditional Pomor values for centuries. Official recognition of the self-organization of local people has, however, not been part of Russian values since Soviet times. Self-organization has been driven in areas where state power has not been able to penetrate effectively. Since Soviet times, such self-organization has been regarded as a weakness of the state. The Pomors are not the only example of a community within the Soviet Union which was left alone to live according to their own self-organizational rules.

With democratization, it would be only fair to recognize the existence of traditional legal regimes and legal pluralism in Russia. Recognizing only small indigenous peoples is not a danger to the official system, but recognizing other, usually ethnic, legal regimes, is considered to constitute a threat to the unity of Russia. This is a tragic dilemma for Russia, because the forceful implementation of rules which are considered to be wrong at the local level only leads to passive resistance and may also escalate into active resistance in certain circumstances. In other words, the Russian Federation seems to be too weak to recognize a multiplicity of norms beside nation state legislation. In this respect, however, Russia does not differ very much from other nation states. The easiest way to accept traditional rights is to include them in the legislation of the nation state. In this way, the role of the state as the rule maker is not threatened. Other methods could lead to legal pluralism and considering nation state law as only one set of alternative "laws". Nation states are reluctant to accept such a change (Michaels 2005).

As Elinor Ostrom's studies show, self-regulation does not always work, but, nevertheless, it can be a sustainable solution for settling fishing rights. The Pomors have lived for centuries under a self-regulated regime and have extensive knowledge concerning fish and fishery in their traditional fishing areas. Their fishing methods may not be in accordance with the opinions of Russian specialists of marine biological resources, but they are a small population with a long tradition of living from fishery. Thus, self-regulation would not present

a threat to other actors. However, Ostrom's studies show that self-regulation no longer works when there are many newcomers with commercial interests but no interest in following the local rules concerning self-regulation (Ostrom 1990). Thus, some kind of alternative dispute settlement is needed in order to preserve the rights of local people and their livelihood.

The current situation in the White Sea area indicates that the competition between state legislation and traditional rights is actually leading to the same sad result as the tragedy of the commons – not to the regulated protection of biological resources, as claimed by the Federal Law on Fishery. The situation is also rapidly leading to the human socio-economic tragedy of a group of people who are dependent on natural resources, the governance of which they have been forced to relinquish. Such tragedies are not unique on the international scale. However, the unwillingness of the nation state to try to solve the problem is a sign of a cavalier attitude on the part of the decision-makers towards the weaker groups in society. In the case of the Pomors, they have been driven from being a self-organized group with a centuries-old pride in their culture and their ability to support themselves to losers in the redistribution of fishing rights that has been forced upon them.

References

ANAYA, J. (1994). International law and indigenous peoples: Historical stands and contemporary developments 18.1 (Spring 1994). *A wave of change: The UN and Indigenous Peoples.* Retrieved February 1, 2012, from http://www.culturalsurvival.org/ourpublications/csq/article/international-law-and-indigenous-peoples-historical-stands-and-contempor.

ANAYA, J. (2012). *The situation of the Sami people in the Sápmi region of Norway, Sweden and Finland*. Report of the Special Rapporteur on the situation of human rights and fundamental freedoms of indigenous people. Human Rights Council. Retrieved January 26, 2012, from http://unsr.jamesanaya.org/docs/countries/2012_report_sami_advance_version_en.pdf.

BEKYASHSHEV, K.A. (2007) *Morskoe rybnoe pravo. Uchebnik* (The Law on Marine Fishery. A textbook). Moskva: Prospekt.

BERNSHTAM, T. A. (1978). *Pomory. Formirovanie gruppy i sistema khozyaistvovaniya*. Leningrad: Institute of Ethnography and Anthropology.

BULATOV, V. (1999). *Russkiy sever (The Russian North), Vol 3. Pomor'e*. Arkhangelsk: Pomor State University.

EHRLICH, E. (1967). Das lebende Recht der Völker der Bukowina (The living law of the people of Bukowina). In M. Rehbinder (Ed.), *Eugen Ehrlich. Recht und Leben. Gesammelte Schriften zur Rechtstatsachenforschung und zur Freirechtslehre*. Schriftenreihe des Instituts für Rechtssoziologie und Rechtstatssachenforschung am der Freien Universitäten Berlin 7. Duncker & Humblot. Berlin, pp. 43–60. Originally published in Recht und Wirtschaft 1 (1912), pp. 273–279, 322–324.

HARDIN, G. (1968). The tragedy of the commons. *Science* 162, 1243–1248. Retrieved. January 5, 2012, from DOI:10.1126/science.162.38591243.

IL'YASOV, S.V., GUTSULYAK, V.N. & PAVLOV, P.N. (2005). *Nauchno-prakticheskij kommentarij k Federal'nomy zakony "O rybalovstve i sohranenii vodnyh biologicheskih resursov"* (Scientific-practical commentary on the Law on Fishery and Protection of Aquatic Biological Resources). K 80-letiyu Instituta gosudarsva i prava Rossijskoj Akademii nauk. Moskva: Tsentr morskogo prava.

JOONA, J. (2011). Pohjois-Lapin erityiset kalastusoikeuskysymykset (Special fishing rights issues in Northern Lapland). *Juridica Lapponica 36*. Rovaniemi: Sevenprint.

KOLTLYAKOV, V.M. (1997). *Nauka. Obshsestvo. Okruzhayushsaya sreda* (Science, Society, the Environment). Moskva: Nauka.

KULONEN, U.-M., SEURUJÄRVI-KARI, I. & PULKKINEN, R. (2005). *The Sami. A Cultural Encyclopedia*. Suomalaisen kirjallisuuden seura SKS No 925. Vammala: SKS.

KULYASOVA, A. & KULYASOV I. (2008). Rol' NPO v stimulirovanii korporativnoi sotsial'no-elologicheskoj sootvetstvennosti na primere lesnogo holdinga LPO Onegales. In M. Tysiachniouk (Ed.), Rol' grazhdanskogo obshsestva i stimulirovanie korporativnoi otvetstvennosti lesnogo bizness, pp. 126–152. Moskva: MONF.

KULYASOVA, A. & KULYASOV, I. (2009). Transformation of Nature Management in Pomorie: Fishing Villages on the Onega Peninsula of the White Sea. In S. Nystén-Haarala (Ed.), *The changing governance of renewable natural resources in Northwest Russia*, pp. 197–224. Farnham: Ashgate.

LENIN, V. I. (1974). Gosudarstvo i revolutsija: utšenie marksiszma o gosudarstve i zadatši proletariat v revoljutsii. Originally published in 1918 in *Polnoe sobranie sotšinenii* (5th ed.), 33, 1–120. Moskva: Izdatel'stvo polititšeskoi literatury.

LODER, N. (2005). Point of no return. *Conservation Magazine* 6 (3), Retrieved January 5, 2012, from www-conservationmagazine.org/2008/07/point-of-no-return.

MICHAELS, R. (2005). The re-state-ment of non-state law. The state, choice of law and the challenges from global legal pluralism. *Duke Law School Research Paper Series, Research Paper Number 81.* Retrieved 12 December 2011, from http://ssrn.com/abstract=809244.

OSTROM, E. (1990). *Governing the commons. The evolution of institutions for collective action*. New York: Cambridge University Press.

THE POMOR MOVEMENT WEBSITE, at http://pomorland.narod.ru/.

THE RUSSIAN POPULATION CENSUS OF 2002, at http://www.perepis2002.ru.

RAVNA, Ø. (2011). The process of identifying land rights in parts of Northern Norway: Does the Finnmark Act prescribe an adequate procedure within the national law? *The Yearbook of Polar Law* 3, pp. 423-453. Leiden–Boston: Brill, Martinus Nijhoff Publishers.

RIABOVA, L. & IVANOVA, L. (2009). Fishery governance in Northwest Russia. In S. Nystén-Haarala (Ed.), *The changing governance of renewable natural resources in Northwest Russia*, pp. 77-103. Farnham: Ashgate.

THE SAMI PARLIAMENT IN FINLAND WEBSITE, at http://www.samediggi.fi/images/stories/pdf-tiedostot/saamelaisetenglanti.pdf.

SARESSALO, L. (1996). Kveenit: Tutkimus erään pohjoisnorjalaisen vähemmistön identiteetistä (The Kvens: A research on the identity of a Northern Norwegian minority). Doctoral Dissertation, University of Turku. Suomalaisen Kirjallisuuden Seura 638. Helsinki: SKS.

Legislation

Federal'nyi zakon o rybolovstve i sohranenii vodnyh biologicheskih resursov 26.11.2004 N 171 FZ (with amendments from 31.12.2005 N 199 FZ, 3.6.2006 N 73, 18.12.2006 N 232, 29.12.2006 N 260, 20.4.2007 N 57, 6.12.2007 N 333-FZ 250, 3.12.2008 N 250, 28.12.2010 N 420-FZ, 18.7.2011 N 242).

Federal'nyi zakon o garantiyah prav korennyh i malochislennyh narodov. 30.4.1999 N 82-FZ red. 5.4.2009.

Federal'nyi zakon o minimal'nom razmere oplaty truda. 19.6.2000 N 82-FZ (red. 1.6.2011).

Kodeks RF ob administrativnyh pravonarysheniyah 20.12.2001 No 195 FZ (amendments 19.7.2011).

Perechen' korennyh malochislennyh narodov 17.4.2006 N 536 r.

Postanovlenie pravitel'stva RF 24.12.2008 N 994. Polozhenie ob osushshestvlenii gosudarstvennogo monitoringa vodnyh biologicheskih resursov i primenenii ego dannyh.

Postanovlenie Pravitel'stvo RF 24.12.2008 N 990. O vvoze (vyvoze) na tamozhennuyu territoriyu RF ugolovov vodnyh biologicheskih resursov dobytiyh pri osushestvlenii promyshlennogo rybolovstva vo vnutrennyh morskih vodah RF, territorial'nom more RF, na kontinental'nom shelfe RF v isklyuchitel'noi ekonomicheskoi zone RF, i proisvedennoj iz nih rybnoj i inoj produktsii.

Postanovlenie pravitel'sva RF 20.11.2003 No 704. O kvotah na bylov (dobychu) vodnyh biologicheskih resursov.

Postanovlenie Pravitel'stvo RF 26.2.1999 No 226. O sozdanij otraslevoj sistemy monitoringa vodnyh biologicheskih resursov, nablyudeniya i kontrolya za deyatel'nost'yu promyshlovyh sudov.

Prikaz Federal'nogo agenstvo po rybolovstvu ot 22 aprelya 2009 g. N. 338 g. Moskva Ob utverzhdenii Poryadka opredeleniya granits rybopromyslovyh uchastkov.

Kalastuslaki (Finnish Law on Fishery) 16.4.1982/286.

The Finnmark Act No. 85/2005 (Norway).

ILO Convention No. 169. 5.8.1999. Rights of Indigenous and Tribal Peoples 1989.

CHAPTER 13

Nafisa Yeasmin

LIFE AS AN IMMIGRANT IN ROVANIEMI, FINLAND

Introduction

Immigrants today form a heterogeneous population, one that defies easy generalisations (Suárez-Orozco and Suárez-Orozco 2001). Receiving immigrants entails both advantages and disadvantages with respect to the receiving country's national interests. This chapter focuses on local attitudes towards immigrants and refugees in a northern town in the Finnish part of the Barents Region and discusses the multiple daily challenges they face. I have chosen the city of Rovaniemi for a case study, as it is a place where I have lived since 2006 and have established my own business. In addition, I have worked as a cultural mediator, teacher of tolerance education in the elementary school, and interpreter for immigrants residing in the city; in all of these capacities, I have sought to promote tolerance and equality. As an immigrant, I have also sometimes faced some difficult situations. The chapter is based on a literature review, participant observation and my personal experiences of immigration issues in Rovaniemi.

Attitudes towards immigrants

Rovaniemi is the capital city of the northern part of Finland, the province of Lapland. More than 183,488 people live in Lapland, a number that includes over 3,000 immigrants. Rovaniemi has a population of more than 60,000 people, of whom 1305, or 2.1%, are immigrants. These immigrants come from some 85 different countries, and approximately 25 to 30 % of them are refugees.

Table 13.1 shows the number of foreigners who were living in Rovaniemi permanently in the period 2000–2010. Those who are now Finnish citizens are not included in the figures.

In 2010, the City of Rovaniemi received an award from the Ministry of the Interior for its contribution to the well-being of immigrants. However,

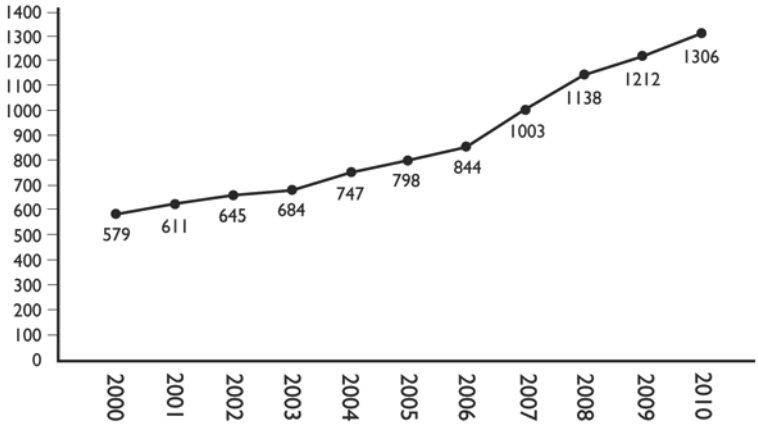


Table 13.1 Number of foreigners residing in Lapland 2000-2010

Source: Statistics Finland 31.12.2010; Lapland Centre for Trade, Development and the Environment (2011).

this does not mean that the attitudes of all local people towards immigrants are particularly positive or that the experiences of immigrants themselves have all been encouraging.

Attitudes towards immigrants are shown directly and indirectly by civil society in many stages from the labour market to individuals' feelings. Local people's attitudes towards immigrants vary on the basis of the dress and situations they encounter, the immigrants' country of origin and educational background, the views of the respective groups, and so on. The cultural and national identity of an immigrant also plays an important role in how he or she is treated by local residents. Another factor that may figure significantly in this regard is how ambitious immigrants are economically, and this varies from locality to locality. For example, people viewed foreign job applicants and refugees more favourably in Helsinki, Turku and Tampere than in the countryside and smaller cities. Young Finnish men clearly have more negative attitudes towards foreign job applicants and refugees, particularly Somalis, than young Finnish women do. Such attitudes have concrete consequences for immigrants. In 2007, almost half of the Somali nationals in Finland were unemployed and in that same year negative attitudes towards Somalis appeared in a police report (Jaakkola 2009, 78–80). Somalis socialise mainly with other Somalis and do not have much

contact with Finns (Perhoniemi and Jasinskaja-Lahti 2006).

Native Finns' attitudes towards immigrants fluctuate depending on the immigrants' religious beliefs, practices and level of commitment. The "ethnoreligious" perspective (Green 2007) is one lens through which the influence of religion on individuals' attitudes can be understood. This theoretical perspective views particular religious traditions as a key factor in the putative link between religion and individuals' attitudes (Benjamin 2009, 313-331). In Rovaniemi, some individuals occasionally exhibit negative attitudes towards immigrants openly, while others either do not express their attitudes publicly or hide their negative views. Some native-born Finns do not like immigrants from specific countries, and some immigrants have had difficult experiences. There is a clear social distance between various groups in this context. The attitudes of Finnish civil servants working with immigrants and immigration were surveyed and analysed using factor and variance analysis (Pitkänen and Kouki 2002, 103-104). The results showed that the attitudes of the respondents were primarily related to their specific type of work and to the experiences they had had with immigrants as clients. The experiences of teachers, social workers and employment agency personnel were mainly positive, whereas the majority of police officers and border guards surveyed reported that their experiences were negative or neutral. The most negative views were expressed by police officers and border guards, and the most positive by social workers and Swedish-speaking teachers. (Pitkänen and Kouki 2002, 103- 104).

Categories of immigrants

The majority of immigrants in Rovaniemi are refugees, whereas the others are students, asylum-seekers, or spouses of Finns. Quite a few Russians have moved to Rovaniemi through marriage and for other reasons, such as education and business. The five most common nationalities living in Rovaniemi are Russians, Swedes, Iraqis, Myanmarese and Somalis. (See Table 13.2; Lapland Centre for Economic Development, Transport and the Environment 2010).

Many immigrants come as students or professional trainees and then decide to stay permanently after finishing their training to secure a better career or brighter future. Some immigrants, however, have come as refugees and have experienced poverty, financial insecurity, and a lack of peace and daily necessi-

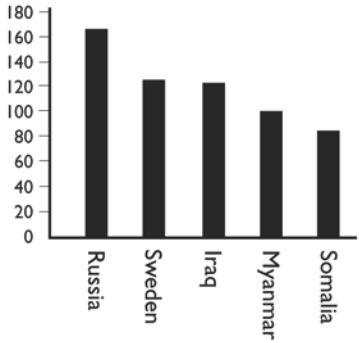


Table 13.2 Country of origin of the largest immigrant groups in Rovaniemi (2010)
Source: Lapland Centre for Economic Development, Transport and the Environment (2010).

ties in their own country. Many other immigrants have come as asylum-seekers due to constant political unrest and violence in their country. Asylum-seekers leave their country to find better living conditions, whereas refugees are driven from their home countries, fleeing into camps in neighbouring countries and eventually seeking asylum in different countries (e.g. Finland). Rovaniemi accepts a quota of some 50 refugees and 30 asylum-seekers per year. In Lapland, the figures for the year 2011 were 130 and 55, respectively.

Students come from many countries to Rovaniemi because of Finland's high-quality schooling system and free tuition. For example, there were 189 foreign university students and 350 exchange students in the year 2009 (Rovaniemi Municipality 2009). Student immigrants develop their skills in many disciplines and receive various forms of support from local people. One example is what is known as the "Friend Family" programme, through which many students get a family. This programme helps foreign students become more knowledgeable about Finnish culture; yet, some students – mainly those of colour – have to wait longer than others to get a friend family.

The Finnish government welcomes students from all over the world to study in Finnish educational institutions. This is one of the attitudes of the Finnish government towards immigrants that is considered most positive and is most highly praised. The impact of immigration in the field of education is very specific. One aspect of it is that it greatly increases the overall expenses of the education system in the country (Brimelow 2005). Many countries are receptive to students as immigrants and earn money from foreign students by imposing fees. However, Scandinavian countries such as Finland do not charge tuition fees, since they guarantee education as a basic right, although this entails more costs for the national educational system. Nevertheless, attitudes towards student immigrants in Rovaniemi are more liberal than towards other immigrants.

In Rovaniemi, the local people would like foreign students to go back to their native countries when they have finished their studies in Finland. Students cost the government less than other categories of immigrants, such as refugees, and thus the attitude of local people towards students is comparatively friendly. By contrast, it is clear that the attitudes of the government and the general public towards children and adolescent immigrants differ: immigrant children are treated the same as Finnish children in the schools and need not pay any fees. Moreover, Finnish authorities make extra provision for immigrant children to address special circumstances. For instance, the government provides them with language teaching as well as religious education in the school. The School Service Centre in Rovaniemi offers instruction in the mother language for immigrant children if there are at least four students from the same country and religious teaching if there are at least three students who have the same religion. (Multicultural education and guidance 2010–2011)

According to the Finnish National Board of Education (2010), the objective of immigrant education is to provide people moving to Finland with opportunities to function as equal members of Finnish society and to guarantee them rights to education that are equal to those which an ordinary citizen enjoys. In fact, Finland spends a considerable amount of money to this end, and it could be seen as a laudable policy on the part of the Finnish government for immigrant children. By contrast, the children of immigrants in American society live in fear because of their different culture, priorities, and ways of acting and thinking. Immigrant parents there create informal parallel structures to aid in their children's learning - ´shadow schools' for example – in what is a frightening environment for immigrant children. (Suárez-Orozco 2001) However, immigrant children in Rovaniemi do not have to face such a serious situation in the schools.

The attitude of local Finns towards immigrant children is to some extent the opposite of that of the Finnish government. There is much evidence that a local child may react dramatically to an immigrant child even in a small matter. For example, some groups of immigrant children eat their lunch in school using their right hand, which many Finnish children cannot accept and will react to. In such cases, the school authorities provide the children with supportive measures designed to teach them to use their left hand, which is against their traditional culture. This approach reflects the maxim: "When in Rome do as the Romans do".

Sometimes local children annoy immigrant children by referring to them using the term "dark rye bread" (fi *ruisleipä*) in the school because of the im-

migrants' dark skin colour. These attitudes of local children target only a few groups of immigrants, however, such as those from Somalia and Afghanistan. All in all, it is quite a challenge for immigrant youth to live within and between two cultures (e.g., Berry et al. 2006). Many early studies note that immigrant children are at increased risk of mental health problems (e.g., Munroe-Blum et al. 1989). The most frequently suggested reason is that the immigration process causes stress, not only because it entails extensive loss of family and friends, customs and surroundings (e.g., Hicks et al. 1993; James 1997), but also because immigrants have to adapt to a new cultural environment, one which often entails different moral values and standards, as well as a new language (Berry 1990; Pawliuk et al. 1996; Stevens and Vollebergh 2008, 276–294).

Some Finns are very much against such negative attitudes towards immigrant children and treat all children equally irrespective of their immigrant status. Some also protest if a teacher in school distinguishes between local and immigrant children on school premises.

Immigration and refugee policies in Rovaniemi

There are different opinions about receiving refugees in Rovaniemi, as in Finnish society at large. During the period 2006-2011 (as of 31 August), approximately 595 refugees were received by the municipality of Rovaniemi from different countries (See Table 13.3).

Some Finns like receiving refugees while others dislike it. The local newspaper ran a headline saying that the arrival of foreigners and refugees in Rovaniemi has perplexed local residents. I have found positive as well as negative comments on this issue. Some Finns agreed with the headline; others disagreed with it entirely. Rovaniemi has a football club and many of the players, as well as the coach, have been foreigners and even refugees. Nowadays football and supporting the team are one of the host citizens' favourite hobbies. Here one sees an optimistic group of Finns – football fans – criticising those opposed to accepting immigrants and refugees. Refugees are a vulnerable minority who need support from the local people in the host country to adjust to Finnish society.

Every Finn reacts to refugees in his or her own way. However, in general Finns do not like refugees' manners and customs. One Finn expressed the view that the customs of civilised people are essential to everyday life, but that

Year	Refugees received according to the quata	Authorized asylum-seekers (moved independently)	Spouse and family combination	Total
2006	32	11	-	43
2007	77	15	-	92
2008	65	42	25	132
2009	84	52 (22)	3	139
2010	31	64 (33)	7	102
2011	47	36 (20)	4	87
Total	336	220	39	595

Table 13.3 Refugees and asylum-seekers received by the municipality of Rovaniemi (2006-2011)
Source: The Lapland Centre for Economic Development, Transport and the Environment 2011.

unfortunately some groups of refugees (e.g., Somalis) do not adhere to these customs. He did not like the way in which refugees from Third World countries talk; he found their normal talking to be more like shouting. According to Tiilikainen (2010), among the immigrants to Finland, Somalis in particular have faced discrimination both at work and in everyday life; in the eyes of many Finns, Somalis embody cultural and religious otherness, social and economic problems and increasing global security threats. Ironically, in Rovaniemi there are also critical feelings on the part of some refugees towards other refugees: it has been observed that some refugees from the Middle East behave aggressively towards Somalis. Yet, these are not the only attitudes: there are people who have enough patience towards refugees and do not have any complaints about them.

Individuals' educational background sometimes influences their attitude towards refugees, with educated persons reacting more positively than less educated ones. Persons with a low social and economic status are assumed to be more prone to fearing foreigners and expressing xenophobic sentiments than persons with a higher status (Ervasti 2004, 25-44). The usual trend is that adult Finns do not like to show others that they are racist. According to one refugee, "Before

coming here I thought that Finland was a rich, civilised country. People are well educated and the society is free of corruption; they cannot be malicious towards immigrants. However, in living in Finland for three years, my experiences have shown that there are good and bad people, racist as well as non-racist, in every nation; some nations express this openly while others hide it".

Aggressive attitudes towards refugees on the part of local children are found fairly commonly in Finland (Lindsey et al. 2006), although negative group attitudes towards refugees or immigrants are not officially acceptable in Finland, a country famous for its anti-discrimination laws. The children of refugees are discriminated against by host children. Some immigrant groups play together amongst themselves in the school and outside of the school. (Valjakka 2005) Few host children play with immigrants; most of them avoid playing with the children of refugees. In the school, host children tease refugee children, who may experience culture shock at being discriminated against because their skin is a different colour. Adults understand everything, but it is difficult to explain all the negative feelings to a child; such negative and discriminatory attitudes might cause mental depression for children as well as for their parents.

Refugees are a minority group in the host country, and it is thus the duty of host citizens to receive them warmly and enthusiastically. Refugees from a Muslim or conservative family in a European country experience a new environment and culture, ones that differ in many ways from those in their native society. Sometimes immigrant parents become worried that their children may learn bad habits from Finnish adolescents, such as sex before marriage and drinking alcohol, both of which are prohibited in Muslim society (Valjakka 2005). In addition, children meet unfamiliar people and experience culture shock. Refugees in Rovaniemi come from countries such as Somalia, Afghanistan, Palestine, Iraq and Myanmar and have already suffered a great deal before coming here. They need a positive reception and treatment from the host society to cope with their new environment. Otherwise both refugees and the host society may experience problems: for example, different dress codes, using mobile phones even in a meeting, and a commanding rather than requesting style make Finns uncomfortable.

Refugees from Third World countries would like to change their life style, thinking that, if they do, they will receive treatment similar to that given Finns in their daily and social life. However, in a short period of time, they realise that they are not in the same position as native Finns. Then they become depressed and think like disadvantaged persons; they may become unbalanced

mentally and behave aggressively. This aggression may affect their whole group and sometimes they are treated as outsiders in the host society. These changing attitudes may ultimately lead to criminal behaviour.

Immigration and its impacts on the Finnish labour market

Immigration is a contentious issue in the industrialised nations of the world – not merely in the traditional receiving countries but, in recent decades, in Europe as well (Friedberg and Hunt 1995). A large number of immigrants come as job-seekers to Finland from within and outside Europe and have an impact on the Finnish labour market. For local Finns, the policy of admitting immigrant workers is seen as an economic threat to the Finnish government, even though the unemployment rate of immigrants is much higher than that of native Finns; nationally, the rate is about 29% for immigrants as opposed to 6.9% for Finns. (Finnish Statistics Centre 2011) The situation in Rovaniemi is worse, with 37 % of immigrants unemployed and many of the rest either pursuing some form of education with the support of the employment office or working as trainees. (The Lapland Centre of Economic Development, Transport and Environment, 2011)

The numbers of foreign job-seekers in Rovaniemi (as of 31 July 2011) are set out in Table 13.4.

Age Group	Job-seekers/ EU citizens	Job-seekers/ Other foreigners	Unemployed
Young People	1	80	23
25-49	30	209	76
Above 50 years	17	51	32
Total	48	340	131

Table 13.4 Immigrant job-seekers in Rovaniemi (as of 31 July 2011)

Source: The Lapland Centre of Economic Development, Transport and the Environment (2011).

Iraq	82
Myanmar	55
Russia	49
Somalia	39
Afghanistan	28

Table 13.5 Five largest groups of job-seekers by nationality in Rovaniemi as of 31 July 2011
Source: Lapland Centre for Economic Development, Transport and the Environment, Rovaniemi 2011.

The five largest groups of job-seekers by nationality according to the employment office are described in Table 13.5 (as of 31 July 2011).

The job opportunities for immigrants in Lapland are very limited. Few immigrants find work in the region, a fact that made the headlines of the Finnish Broadcasting Company YLE (Sarjas 2010). I have found that many local people comment on the reports of immigrants finding jobs; all of these comments have been negative and through these comments the host people in Rovaniemi express their negative attitudes toward immigrant job-seekers. Their view is that there are many Finns in Rovaniemi who are unemployed and they ask why it is important to give work to immigrants. If there is a job available, it should be offered to a Finn first. They also ask why the newspaper does not run headlines such as 'Finns do not have work in Lapland'. One of the comments was, "Immigrants will be a growing problem for us Finns if we do not deal with them with a firm hand." (Sarjas 2010).

To some extent, foreigners come to Finland to do low-paying jobs – unfortunately. Immigrants may compete with native workers in the labour market and displace them, driving down wages (Friedberg and Hunt 1995). Different wage rates for different groups of immigrant workers and discrimination against immigrant workers seem to exist nowadays in the European labour market (Müller 2003). In fact, the most employed immigrants have odd jobs, for example, cleaning, or delivering newspapers, and very few of them get high-status jobs. However, working in an office is not necessarily satisfying, as they frequently face discrimination in their working places. One immigrant quipped: "Every Finn has only one boss, but an immigrant has a lot of bosses", because all Finns in the same working place treated him or her as a subordinate. European foreigners, including Russians, are in an advantageous position in this regard. Many Russians come to Rovaniemi as tourists the year round, which has created job opportunities in Finnish businesses for persons skilled in the Russian language. Present statistics indicate that immigrants will get more employment opportunities in 2020, when it is estimated that more than 36,000 jobs will have become

available in Lapland; the number of immigrants will be about 10,000 in Lapland by 2015 (Lapland Centre of Economic Development, Transport and Environment 2008). This situation has worried the Finnish government, which is trying to support immigrants so that they will be able to work in Lapland.

The employment office in Rovaniemi assists immigrants by providing them with Finnish language instruction, which is important for, but no guarantee of, getting a job. The office always encourages unemployed people to visit many employers in seeking a job. However, experience shows that it is very difficult to reach employers, because they are always too busy with their regular work even to receive a phone call from an unemployed immigrant. Some organisations do not like to hire immigrant workers, although many immigrants are highly educated and have language skills. In some contexts, Finnish employers think that immigrants are not capable of doing Finnish work and question their honesty. Finnish employers are more liberal when it comes to recruiting European and American immigrants than immigrants from Third World countries. The reason for this may be that the culture of Europeans and Americans is in many ways similar to Finnish culture. Finns also have much more trust in immigrants from nearby countries. Jaakkola (2009) found that immigrants from Nordic countries are culturally closer to Finns and their standard of living is closer to that of Finns. Moreover, Finns' attitude towards immigrants from Anglo-Saxon countries are more favourable than towards immigrants who are culturally different or who come from countries that have a low standard of living or are far away. (Jaakkola 2009)

Finnish entrepreneurs think that it is better to pay a salary to a Finn than to someone else. According to the Eurobarometer Survey on Entrepreneurship (2009, 24-28), in the Scandinavian countries the status of local entrepreneurs is positive and about 78% of Finns have a favourable view of them. According to statistics for recent years, the local unemployment rate for Finns is dropping, whereas the immigrant unemployment rate is rising by the day (Lapland Centre of Economic Development, Transport and the Environment 2011). In Scandinavia, a number of social indicators show that immigrants, especially those from outside the EU, have considerably higher rates of unemployment than native Swedes and Finns, who may depend on social welfare benefits (Westin 2006).

Predicting attitudes towards immigrants is discussed by Hainmulle and Hiscox (2010, 61–84), who suggest that natives oppose immigrants with similar skill levels but favour immigrants with different skill levels. However, projects have

been initiated by governmental or non-governmental sectors to change the attitude of Finnish entrepreneurs towards immigrants by mentoring or coaching on the one hand, and improving immigrants' qualifications on the other. MoniNet (2010) is an organisation in Rovaniemi which has been working for the well-being of immigrants as well as for expanding the social network of immigrants' which is also important for immigrant to get a good job It is a multicultural centre that was established in 2001 for immigrants and functions as a meeting place where immigrants may receive all kinds of basic help. The centre organises language courses as well as training and free-time activities, and helps immigrants in the job-seeking process. Immigrants can spend time at the centre, which offers free use of computers, an opportunity to meet people and assistance with everyday matters and problematic situations, such as using bank services, filling in application forms and finding housing. The centre also offers trips and courses in cooking and handicrafts free of charge.

Finns who are working for the integration of immigrants into Finnish society have more liberal attitudes towards immigrants than Finns working elsewhere. Sometimes immigrants help to improve the situation of other immigrants and contribute to solving the unemployment problem in Finland. For instance, a number of immigrants have established restaurants and businesses where immigrants may get jobs alongside Finns. In this way, immigration flows change the economic and unemployment situation of a country. Immigrants become self-employed and promote employment opportunities for others through their businesses. The overall atmosphere in Rovaniemi is business friendly, although there have been several incidents which have disturbed the immigrant community, such as a robbery in an immigrant-owned restaurant and negative comments from local citizens about immigrants published in the daily newspaper (Aamulehti 2011). The newspaper has also reported that some years back Finns only used to shout at immigrants in the night when drunk, but today they may use abusive language even during the day. Some Finns believe that the increase in the immigration rate is one of the main causes of the employment crisis.

There are some envious Finns who do not like immigrants being in a better situation. For instance, one immigrant who lives in the city of Oulu had a luxury car; the mirror of the car disappeared one day in the car park, and the car suffered some other damage from time to time. The owner of the car suspected certain local Finns of these acts and believes that envy of immigrants is behind the attitudes involved.

Cultural effects of immigration

Cultural differences may create some distressing situations for immigrants. Culture, as Huntington (1993, 22–49) defines it, is as "a people's language, religious beliefs, social and political values, assumptions as to what is right and wrong, appropriate and inappropriate, and to the objective institutions and behavioural patterns that reflect these subjective elements". Sometimes immigrants may change their cultures in a new society, yet they cannot change their skin colour or ethnicity. They get shocked by a new culture, one quite unknown to them before. Cultural misunderstandings sometimes distort the interpretation of the original issue, generating intercultural conflict. Cultural differences are the focus of a crucial debate which still has not explained that historically and today immigrant-receiving societies suffer from excessive recognition of minorities' collective cultural rights (Couton 2006).

Rovaniemi offers many cultural elements that are useful for both natives and immigrants; however, immigrants many times do not understand the new language, manners, norms, different-looking people or the new atmosphere in their host country. Cultural differences may create a communication gap. Shaking hands between a male and a female is not permitted in some Muslim culture, yet it is a common sign of politeness in Finnish culture. This may creating feelings of guilt in a Finn who has become aware that the custom is not acceptable in another culture.

Nevertheless, many refugees cannot forget the intensely negative experiences that they had to face in the past and that may have altered their normal personality. Any odd situation in a new environment affects them more severely where it stems from racism, because no one has control over which race he or she belongs to. Culture shock is a sensitive issue all over the world. It is difficult for a person to survive in an environment where he or she occasionally faces culture shock, since everybody values his or her own culture. Creating mutual respect for all cultures is essential in a civil society; coping with a new society and culture is not an easy task; its is a lengthy process. In this situation, citizens in the host country may play a key role, since immigrants are vulnerable with regard to many issues. Initially, members of the host society can help by providing information and facts and highlighting the main features of their cultures to the immigrants, discussing in the process cultural differences and similarities.

Social effects of immigration in the host country

There is a growing pre-occupation with the possible dangers to social cohesion represented by growing immigration flows and ethnic diversity (Cheong et al. 2007). Many people in Rovaniemi and Finland at large believe that such a danger exists. Many Finns in Rovaniemi also find that if received in a positive way, immigrants may contribute to Finnish society and that the host society can learn something from them; others see the issue in negative terms and worry about the negative impacts on Finnish society of receiving immigrants.

It is generally agreed that social ties play a beneficial role in the maintenance of psychological well-being (Kawachi and Berkman 2001) among some groups of immigrants; in contrast, modern Finns are far more private when it comes to family life. However, family ties are important to promoting mental health: people with many good friends and family around are likely to live longer than isolated or lonely people (Mann 2010). Through interaction with different groups of immigrants, Finns in Rovaniemi get to know the social life of immigrants and immigrants can learn about the Finnish community.

Even after getting Finnish nationality and living in the country for a period of time, some immigrants do not feel that they are a part of Finnish society, because their acceptance in Finnish society is still limited; they suffer a strong sense of rejection by the general public. They then try to build their own society within Finnish society to provide unity. Yet, in Rovaniemi, due to disagreements among immigrants and a tendency among them to move to the southern part of the country for better job opportunities, this has resulted in the formation of a number of mini communities. Immigrants' social unity, which was strong in their native country, has broken down.

Some immigrants have noted that there are opportunities to study Finnish in Rovaniemi but that there are limited opportunities to practice the language, because Finns do not talk much – even with other Finns. Getting a chance to talk to native speakers would improve immigrants' language skills – especially pronunciation - which are important in social life to cope with the core society. Sometimes immigrants in Rovaniemi have had a negative impact on life in the community by being involved in crime and corruption. This is an increasing trend in the case of sexual offences and also in working life. Some women from different countries such as Thailand, Estonia, and Jamaica come to Finland and begin engaging in prostitution, which has a negative

impact on Finnish society and violates Finnish law. Sometimes women come with their husbands to Finland and later get divorced; many of the divorced women start working as prostitutes to survive here rather than entering the job market. They earn money without paying any taxes, which is a crime. Moreover, they may spread serious diseases, including AIDS, and encourage young Finnish girls to be involved in prostitution. Some Thai women living in Rovaniemi have said that prostitution does not mean that that all Thai women living in Rovaniemi are prostitutes. The irony is that many times an innocent Thai girl may be teased as a whore by other nationals, including Finns. Thai girls are in a disadvantageous position in the minds of young Finns in Rovaniemi although the number of Thai women getting married to Finns is increasing in the city.

In another development, immigrants from different countries come here and start a business, but make a deal with their workers and do not pay regular taxes to the Finnish government. Some refugees draw social and employment benefits from the Finnish Social Insurance Institution, yet work off the books without paying taxes. This practice is profitable for both entrepreneurs and workers, yet it is a violation of Finnish law and is condemned by Finnish entrepreneurs.

It is widely expected that this situation can be overcome by people showing respect for each other's cultures, leading to a peaceful society. Otherwise life will be somewhat difficult for future generations, for children learn from the environment around them. If it is corrupt then they cannot learn anything good about the society they live in; this is a common concern throughout the world.

Political effects on immigration

Immigrants discriminated against, immigrants decried, immigrants rejected, immigrants treated as scapegoats – all these are unfortunately commonplace occurrences (Salama 2011). Finland is not immune to these phenomena. Some political groups in Finland have endorsed the above attitudes, while others deplore them. Migration and mobility are increasingly integral to the trajectory of European political economies. Migration policy, which is formulated exclusively by the governmental authorities of the destination countries, is interested in receiving skilled migrants (Bruff 2007). According to the DESA country report (2009), Nordic countries have reformed their economic and migration

policy so that migrants may contribute to their national economy, and the governments show the international community their initiatives in combating the global economic recession. However, due to the opposition of local voters and opposition political groups, the countries take far fewer immigrants than expected in the reports prepared by the governments of the EU countries (DESA report 2009). The same situation exists in Finland.

It is very difficult to describe racism; it is not frequently acknowledged but very real in practice. Sometimes it is clearly visible; sometimes it is practiced subtly. In Finland there are differences between the Finns Party in Parliament and Finns in general. Members of the right-wing party think pessimistically that immigrants are a burden to the host society, but ordinary Finns think optimistically that every nation needs support from others. The Finns Party does not want immigrants to be able to get jobs in Finland when Finns are jobless and the employment crisis is worsening by the day. The attitudes of the Finns Party towards immigrants are expressed directly in the Finnish media. Many Finns support the Finns Party on the issue, yet many others oppose the party's views.

In 1990, when Finland started to receive refugees and asylum-seekers, there were many direct reactions towards immigrants. The situation later improved and Finns at large were more accepting of the situation for a few years. Negative reactions against immigrants emerged again after the receiving of refugees became a regular practice of the government; it was not welcomed by Finns Party and the recent general election is an example of this reaction. The party is now the largest opposition party in Parliament. Thus it is clear that some Finns still strongly oppose receiving refugees. Nevertheless, the industrial world will need increasing numbers of immigrants in the medium and in the long run, and not just those who are most skilled. In many countries, the ratio of active to inactive persons is falling and this trend is likely to become more pronounced in the future (Salama 2011).

In the near future, Finland will also need a considerable number of immigrants – experts and ordinary labour alike – to address the impending labour shortage. Finland is a country with little corruption and a model country when it comes to obeying the law. Accordingly, everybody should obey the Integration Act and the Anti-discrimination Act.

Immigration politics play an important role in Finland nowadays. In Rovaniemi the host community needs more information on immigrants as

well as refugees. Cultural mediation is needed to promote tolerance. To better learn from their respective cultures, both Finns and immigrants need support from each other. Every city clearly has prejudice, yet increasing information might help reduce it (Salmela, translated into English from Monitor 2010).

As an EU member state, Finland adopted its model for developing immigration from EU migration policy, although certain domestic actors bypass the process of interest aggregation by mobilising in international venues. Most of the national ministries concerned with migration do not attend international negotiations (Guiraudon 2002). According to Finland and its neighbours, it is important to encourage and to promote public interest in global development issues. It is also important to take the initiative to promote mutual knowledge and the wisdom of favouring a positive relationship between subjects of different cultures. Development ideas and messages should be changed according to the current situation. The political positions of the Finns Party sometimes appear in the newspaper as well as other media and can generate much anger and negative sentiment among the public. Sniderman et al. (1991, 423) found political conservatism to be correlated with opposition to policies to assist blacks and with support for negative images of blacks as "lazy and irresponsible". However, in Finland, the attitudes of supporters of the Finns Party and ordinary Finns directly affect the attitudes of host people towards immigrants.

Conclusion

There are various communities of immigrants living in Rovaniemi who experience negative and positive attitudes on the part of the local Finns. The pessimistic conclusions about the negative effects of ethnic diversity on trust in general cannot be confirmed at the aggregate level across European countries. (Hooghe et al. 2009) An immigrant is not free from experiencing negative attitudes from other immigrants living in the same city. Young people are more aggressive than other Finns towards immigrants. However, adults do not frequently express their opinion about immigrants, that is, whether they either like or dislike them; all in all, Finns' attitudes towards immigrants today are more positive than in the year 1990. Immigrants have both positive and negative impacts on the core society in Rovaniemi in different respects, including employment as well as socio-economic and cultural life. Nowadays they also

influence political life in the national context. However, Finns' attitudes towards immigrants and vice versa are a complex phenomenon which cannot be assessed in a general way; attitudes vary from individual to individual.

The City of Rovaniemi and the Finnish government have specific programmes in place to improve the situation of immigrants and their communication with the native population. Proper initiatives for mutual knowledge and understanding may improve the overall situation and contribute to Finnish society more effectively.

Different cultures can enrich Finnish culture. People should eagerly await opportunities to learn about each other's culture. Cross-cultural psychology has demonstrated important links between the cultural context and individual behavioural development. Given this relationship, cross-cultural research has increasingly investigated what happens to individuals who have grown up in one cultural context when they attempt to re-establish their lives in another. The long-term psychological consequences of this process of acculturation are highly variable, depending on social and personal variables that lie in the society of origin.

Cultural mediation could play an effective role in promoting better understanding of other people's cultures and improving progress in attitudes. In Rovaniemi, there are many governmental and non-governmental organisations, and their projects are playing a vital role in this regard. Most of the projects are funded by the Red Cross, the European Union, the Finnish Slot Machine Association, the Ministry of the Interior, the Municipality of Rovaniemi and the Parish of Rovaniemi. They seek to enhance multiculturalism in Rovaniemi.

References

AAMULEHTI (2011). Netin vihapuheet ovat tarttuneet arkisiin kohtaamisiin - EK huolissaan häirinnästä ja rasismista.. Retrieved February 10, 2010, from http://www.aamulehti.fi/Kotimaa/1194696264275/artikkeli/ss+netin.

BERRY, J.W., PHINNEY, J.S., DAVID, L.S. & VEDDER, P. (2006). *Immigrant youth in cultural transition*. New Jersey: Mahwah.

BRIMELOW, P. (2005). Immigration's impact on education and multiculturalism. *The social contract*. Retrieved July 11, 2011, from http://www.thesocialcontract.com/artman2/publish/tsc1504/article_1334.shtml.

BRUFF, I. (2007). Migrants are not variables: a critique of the migration literature and associated policy developments. *Migrationonline*. Retrieved May 10, 2011, from http://www.migrationonline.cz/e-library/?x=2005989.

CHEONG, P.H., BUFFALO, R.E., GOULBOURNE, H. & SOLOMOS, J. (2007). Immigration, social cohesion and social capital: A critical review. *Critical Social Policy* 27(1), 24-49.

COUTON, P. (2006). Book review: Contested citizenship. Immigration and cultural diversity in Europe. *Canadian Journal of Sociology Online* September-October 2006. Retrieved May 15, 2012, from http://www.cjsonline.ca/pdf/contestedcitizen.pdf.

DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS DESA (2009). *World population policies.* New York: United Nation.

ERVASTI, H. (2004). Attitudes towards foreign born settlers - Finland in a comparative perspective. In S. Koskinen & K. Pitkänen (Special editors), *Yearbook of Population Research in Finland* 40, 25-44.

EUMIDIS - EUROPEAN UNION MINORITIES AND DISCRIMINATIONS SURVEY (2009). Main results report by European Union Agency for Fundamental rights. Retrieved March 3, 2010, from http://fra.europa.eu/fraWebsite/attachments/eumidis_mainreport_conference-edition_en_.pdf.

FINNISH NATIONAL BOARD OF EDUCATION (2010). *Education for immigrants.* Retrieved August 16, 2010, from http://www.oph.fi/english/education/language_and_cultural_minorities/education_for_immigrants.

FRIEDBERG, R.M. & HUNT, J.T. (1995). The impact of immigrants on host country wages, employment and growth. *The Journal of Economic Perspectives* 9(2), 23-44.

GREEN, J.C. (2007). *The faith factor: How religion influences American elections*. Hartford, CT: Praeger.

GUIRAUDON, V. (2002). European integration and migration policy: Vertical policy-making as venue shopping. *Journal of Common Market Studies* 38(2), 251–271.

HAINMUELLER, J. & HISCOX, M.J. (2010). Attitudes toward highly skilled and low-skilled immigration: Evidence from a survey experiment. *American Political Science Review* 104(1), 61–84.

HICKS, R., LALONDE, R.N., & PEPLER, D. (1993). The mental health of immigrant and refugee children. Psychosocial considerations in the mental health of immigrant and refugee children. *Canadian Journal of Community Mental Health* 12, 71–87.

HOOGHE, M., REESKENS, T., STOLLE, D., & TRAPPERS, A. (2009). Ethnic diversity and generalized trust in Europe: A cross-national multilevel study. *Comparative Political Studies* 42(1), 198–223.

HUNTINGTON, P.S. (1993). The clash of civilizations? *Foreign Affairs* 72(3), 22–49.

JAAKKOLA, M. (2009). Immigrants from a Finnish point of view: Changing attitudes. Dissertation in Finnish, translated into English by the author. Helsinki: City of Helsinki.

JAMES, D.C.S. (1997). Coping with a new society: The unique psychological problems of immigrant youth. *Journal of School Health* 67, 98–102.

KAWACHI, I. & BERKMAN, L.F. (2001). Social ties and mental health. *Urban Health* 3, 458–67.

KNOLL, B.R. (2009). Who is my neighbor? Religion and immigration policy attitudes. Dissertation, University of Iowa. Retrieved September 20, 2011, from http://web.centre.edu/benjamin.knoll/knoll_jssr09.pdf.

KOSKINIEMI, H. (2009). In Rovaniemi refugees and immigrants perplex the host community. *Uusi Suomi*. Retrieved March 3, 2011, from http://hemmokoskiniemi.puheenvuoro.uusisuomi.fi/15299-rovaniemella-pakolaiset-ja-maahanmuuttajat-hammentaa-kansalaisia.

LAPLAND CENTRE OF ECONOMIC DEVELOPMENT, TRANSPORT AND THE ENVIRONMENT (2008). Lapland immigrant strategies, as an active immigrant zone 2015. Retrieved October 10, 2011, from http://www.lapinliitto.fi/c/document_library/get_file?folderId=53864&name=DLFE-3208.pdf.

LAPLAND CENTRE OF ECONOMIC DEVELOPMENT, TRANSPORT AND THE ENVIRONMENT (2010). Immigrant statistics, 10.10.2011 from a Powerpoint presentation by the Finnish authority.

ROVANIEMI MUNICIPALITY (2009). Follow-up report on internationalisation in Rovaniemi 2009. Translated by the author. Retrieved September 20, 2011, from http://ktweb.rovaniemi.fi/ktwebbin/ktproxy2.dll?doctype=0&docid=32333935323a33&dalid=18.2.2010%2010:29:18&extension=doc.

MAKO (integration of immigrant) meeting 2010. Author participated in the meeting as a member of the MAKO committee.

MONINET (2010). MoniNet, Multicultural Centre, Settlement of Rovala, Rovaniemi.

MANN, D. (2010). Social ties can add years to your life – close friends, family members may help increase longevity. *WebMD Health News*. Retrieved August 17, 2010, from http://www.webmd.com/balance/news/20100727/social-ties-can-add-years-your-life.

MONITOR (2010). Rovaniemi is a clear internationalization indicator. *Monitor.* Translated by the author. Retrieved February 10, 2011, from http://www.monitori- lehti.fi/intermin/monitori/cms.nsf/pfbc/5272CCC474A5B972C22577BB003F690F.

MUNROE-BLUM, H., BOYLE, M.H., OFFORD, D.R., & KATES, N. (1989). Immigrant children: Psychiatric disorder, school performance, and service utilization. *American Journal of Orthopsychiatry* 59, 510–519.

MÜLLER, T. (2003). Migration, unemployment and discrimination. *European Economic Review* 47(3), 409-427.

PAWLIUK, N., GRIZENKO, N., CHAN-YIP, A., GANTOUS, P., MATHEW, J., & NGUYEN, D. (1996). Acculturation style and psychological functioning in children of immigrants. *American Journal of Orthopsychiatry* 66, 111–121.

PITKÄNEN, P. & KOUKI, S. (2002). Meeting foreign cultures: A survey of the attitudes of Finnish authorities towards immigrants and immigration. *Journal of Ethnic and Migration Studies* 28(1), 103-118.

SALAMA, P. (2011). *Living together as equals in dignity. Migration and fighting discrimination in Europe*. Europe: Council of Europe.

SARJAS, J. (2010). Few immigrants find work in Lapland. Translated by the author. Yle Radio News, Finland 16.8.2010.

SNIDERMAN, P.M., PIAZZA T., TETLOCK, P.E. & KENDRIC, A. (1991). The new racism. *The American Journal of Political Science* 35(2), 423–447.

STATISTICS SURVEY CENTRE (2010). Immigration population. Translated by the author. Retrieved January 23, 2011, from http://www.stat.fi/til/tym.html.

STEVENS, G.W.J.M., & VOLLEBERGH, W.A.M. (2008). Mental health in migrant children. *Journal of Child Psychology and Psychiatry* 49(3), 276–294.

SUÁREZ-OROZCO, M. AND SUÁREZ-OROZCO, C. (2001). *Children of immigration – United States.* Harvard: Harvard University Press.

TIILIKAINEN, M. (2010). Somalis in Finland - forever others? Translated by the author. The Society for the Study of Ethnic Relations and International Migration (ETMU). *ETMU blogi.* Retrieved March, 3, 2011, from http://etmu.protsv.fi/blogi/?m=201006.

VALJAKKA, H. (2005). Cultural diversity and integration - the needs of immigrant students in preparatory classes. Retrieved October 27, 2011, from http://kirjastot.diak.fi/files/diak_lib/Helsinki2005/ValjakkaHanna2005.pdf.

WESTIN, C. (2006). Restrictive immigration policy and multiculturalism. Centre for Research in International Migration and Ethnic Relations Stockholm. *University migration information source MPI data hub Sweden.* Retrieved October 20, 2010 from http://www.migrationinformation.org/usfocus/display.cfm?ID=406.

CHAPTER 14

Heidi Sinevaara-Niskanen

GENDER, ECONOMY AND DEVELOPMENT IN THE NORTH

Introduction

The North, and the Barents Region as a part of it, is facing many changes and challenges. The environmental changes that are taking place threaten traditional livelihoods, local economies and social communities, but also provide new economic opportunities and possibilities for regional development. (e.g. Arctic Climate Impact Assessment 2005, hereafter ACIA; Arctic Human Development Report 2004, hereafter AHDR) At the same time, the North is balancing between international political and economic interests. The rising role of Arctic politics (e.g. Heininen 2011; Ronson 2011), the changing environment and northern resources have made the economy and development key questions for the region (e.g. Megatrends 2011).

In the midst of the ongoing economic "boom" in the North, it is relevant to ask what in fact the economy of the region is. How is it defined, where does it operate and what are the underlying understandings of development entailed in accounts of it? This chapter examines understandings of the economy and development of the North, with a specific focus on gendered dimensions of those understandings. As Penny Griffin (2010, 100) insightfully remarks "gender is a composite part of the relations of power that drive systems of economic development and growth, global financial flows and systems of manufacturing and production." Hence, the economy in the North and the Barents Region, as elsewhere, is a gendered structure.

In this chapter I ask where gender is or how it is perceived in accounts of the Northern economy and development. The paper engages the discussions of critical international political economy (IPE) (e.g. De Goede 2003, 2006; Waylen 2006). By setting gender as a category of analysis, the chapter aims at reflecting on and illustrating the often concealed gendered assumptions, meanings and practices of the economy.

The economy is understood here as a culturally variable and discursively performed practice that has material power to (re)produce hierarchies and mar-

ginalisation (e.g. De Goede 2006). In a similar vein, the question of gender is understood not in terms of women and men (per se) but as a "governing code" (Griffin 2010; Peterson 2006) that entails and exposes gendered understandings, practices and hierarchies. Hence, by analysing the socially constructed understandings of the economy and its processes, it is possible to make visible how economic practices and people are valorised differently. The division between masculine and feminine is one such divide, one that works to (re)construct a gendered understanding of the economy (Peterson 2006).

The context of the study is Arctic politics. The Arctic Council, a regional intergovernmental forum, has worked as an "Arctic voice" (Møller 2009) and a political decision-shaping body by highlighting issues of the North. Economic issues and economy-driven development have gained momentum in the region in recent years (e.g. The Economy of North, ECONOR-projects). One of the Council's working groups, the Sustainable Development Working Group (SDWG), has been named as the leading working group for activities and outputs relating to economic and social questions. The reports published under the auspices of the Council and the SDWG are used here as data.

The paper analyses, through the lenses of feminist economics, understandings of both the economy and development, as well as the dispositions of gender entailed in those understandings (e.g. Griffin 2010). As the analysis reveals, the understandings of the economy of the North vary in terms of scale (global-local), place (multinational corporation-community), value (money-culture) and necessity (subsistence economy- energy consumption). What these understandings share is a silence on questions of gender.

Hence, the analytic focus of this text is on explicating silenced understandings of the economy and shedding light on the questions of gender that have been neglected (e.g. Foucault 1991; Fairclough 2003; Irni 2009). The method used to this end is text analysis.

Politics of the economy

International political economy (IPE) has been defined as "the analysis of interaction between the political and the economic sphere involving state and non-state actors on the national and the international level." (Leiteritz 2005, 53) The IPE approach emphasises the parallel existence and interaction of states

and markets and, for example, the role of new international actors such as multinational corporations and social movements. (Leiteritz 2005)

Despite this broad understanding of the economy and economic actors, it has been noted that contemporary IPE suffers from a paucity of gender research. If and when the economy is viewed as a gendered structure, it becomes pertinent to study the ways in which the economy acts "both to uphold and refashion existing patterns of gender relations" (Waylen 2006, 148). Thus, the task for gendered IPE analysis becomes "understand[ing] how social structures, particularly structures of inequality, come into being and are transformed". (Waylen 2006, 146)

Critical IPE also requires that the understandings of the economy should be diversified. Peterson (2003, 2006) suggests three types of economies: reproductive, productive and virtual. Her approach highlights that the focus should not be only on the "increasingly global, flexibilised, information-based and service-oriented 'productive economy'". Rather, informal economies, non-wage-labour and various "virtual economies" (e.g. financial markets) are equally important. (Peterson 2006, 123)

In the North, the Arctic Council can be seen as a vivid example of the co-existence of politics and economics as well as of states and other actors. Hence, the Council serves as a fruitful context for IPE analysis. Established in 1996, the Council is an international political forum that brings together the Arctic states and representatives of indigenous peoples to address concerns and challenges affecting the region. The Council has extended the concern over the Arctic to include the social, cultural and economic challenges that northern communities face (e.g. Hønneland and Stoke 2007; Nilsson 2009). In doing so, it has also taken part in framing, organising and representing the economy of the North in particular ways. In Foucauldian terms, it has brought Northern political economy "into being". (Rutherford 2007, 297; also e.g. Bäckstrand 2004; Dillon 1995)

The question of gender has been a complex one politically in the Arctic (e.g. AHDR 2004; St. Denis 2007; Sloan et al. 2004; Taking Wing 2002). Gender is at the same time everywhere and nowhere. It has been seen as a relevant issue, for example, in the contexts of human development (AHDR 2004), participation (Sloan et al. 2004) and well-being (Taking Wing 2002) of the North and northern people. In the realms of political decision-making, the economy and resources the question of gender has remained ignored. Gender is also often interpreted as something female or feminine. (e.g. AHDR 2004) It is through such divisions into 'gendered' and 'genderless' topics that social structures, in-

cluding economic structures, are formed. As Butler (according to De Goede 2003, 95) notes, the discourses of sex and gender underpin a "specific operation of the sexual and gendered distribution of legal and economic entitlements".

One facet of IPE research is to recognise the production of economic and financial knowledge as an important site where power is exercised (De Goede 2003). The Arctic Council is one producer of such knowledge: according to Stokke (2007, 18), the Council has "carved out a cognitive niche" in generating knowledge on the Arctic that is not provided elsewhere and in taking action in those areas of knowledge. Through its projects, reports and political discourses the Council thus influences how economic knowledge, rationality and development are defined.

Hence, the Arctic Council is one context within which the economic discourses of the North are negotiated and constructed. These discourses can be interpreted as having material and gendered distributions and effects (De Goede 2003). In Griffin's (2010, 92) words, "institutional and discursive environments in which policies and practices are reproduced create (and thus constrain) certain 'spaces of action'…".

Gendering development: questions of participation

Gender, development, sustainability and the environment have been themes in feminist research since the late 1970s. The approaches known as "women, the environment and sustainable development" (WED), "women in development" (WID) and "gender and development" (GAD) all have their origins in criticism of traditional conceptions of development. Gender scholarship, as Griffin (2010, 88) argues, has revealed "the extent to which conventional 'development' issues are 'informed by assumptions around gender'".

The particular claim of the gender and development approaches has been that development projects and processes have not been able to erase poverty or inequality, but rather have worsened living conditions, particularly for women (in the global South). The shared concern of these approaches has been to increase women's participation in development processes and at the same time transform the unequal gender relations in development. The aim has been to empower women and make women's lives and problems visible in their full complexity. (Braidotti et al. 1994; Waylen 2006)

The studies on gendered political economy also owe their history to debates on gender and development (GAD). Such work is now seen as part of feminist economics and the literature on gender and globalisation (Waylen 2006, 155). Current studies on gendered political economy, like critical IPE, are concerned with (historically) "constituted frameworks or structures within which political and economic activity take place, as well as with the nature of different individuals and their actions" (Waylen 2006, 147).

The question of participation has been and continues to be one of the key focuses of discussions on gender, development and political economy. Discussions of gender and development have had an effect on the notions of women's agency in development processes (in the global South), with images of victims changing into images of strength and resourcefulness. The shift in positions has also taken place in political priorities. Women's role as efficient environmental managers is being recognised, and they are now even seen as the most valuable resource in achieving development and sustainability. (Braidotti et al. 1994) Another, the focus of gendered political economy is on non-state actors and activities, women's movements and their interactions with the state and governance structures. The aim is to understand gendered roles, recognise inequalities and identify the possibilities for change in the dominant gender order. (Waylen 2006)

The interlinkages of gender and development have also been recognised in the North and in the Barents Region. Discussions of development in the North have included features similar to those associated with the global South. These debates have addressed questions of women's participation (e.g. AHDR 2004; Sloan et al. 2004), their role in development processes (Taking Wing 2002; Nuttall 2010, 116–117) and unequal gender relations in development (e.g. Megatrends 2011; AHDR 2004). Women's roles as valuable actors in achieving development have also been recognised, especially in the current demographic situation, in which women are migrating to the south and northern communities are being left with predominantly male populations. (e.g. Megatrends 2011; AHDR 2004).

What is missing in this research design – the third leg of the triangle in addition to development and gender – is economy. The northern "gender code" of silence seems to suggest a priority for male agency and male-dominated branches of the economy (Keskitalo-Foley 2011, 22). Value is ascribed to economic activities and agents "that are characterized as masculine, at the expense of those stigmatized as feminine" (Peterson 2006, 125).

Understandings of the economy and development

It is within political and organisational discourses that the economy and "the limits of achievable human 'development'" are defined (Griffin 2010, 87), also in relation to questions of gender. The Arctic Council's Sustainable Development Working Group (SDWG) has been an important organisational forum for activities and outputs pertaining to the economic dimension of sustainable development in the North. The working group has managed projects directly related to economic issues, for example, "The Economy of the North I and II" and has guided other projects with economic dimensions (e.g. AHDR 2004; Family-Based Reindeer Herding and Hunting Economies… 2004, hereafter RHHE). The project reports are equally important in discerning the faint discourses of the northern economy defined through the vocabularies of "socio-economics", industries, income and resources.

The data analysed in the present research consist of four reports published under the auspices of the Arctic Council and the SDWG. The reports are Family-Based Reindeer Herding and Hunting Economies, and the Status and Management of Wild Reindeer/Caribou Populations (2004; referred as RHHE); The Economy of the North (2006; hereafter Econor 2006), The Economy of the North II (2008; hereafter Econor 2008) and the SDWG Report on Arctic Energy (2009; referred as AE). The analysis reveals three different kinds of 'economies' operating in the North: a global economy of resources, a local economy of traditions and a future economy of opportunities. Each of these entails and represents understandings of development and gender.

The global economy in a local landscape

The first economy of the North comprises natural resources, resource extraction and global markets. The economy of the North is a manifestation of the global economy in local settings. Arctic economies are described as "largely based" and "heavily dependent" on natural resource extraction (Econor 2008, 27, 37). The Arctic, and the Barents Region as part of it, is described as geo-economic space that supplies natural resources, but possibly also benefits from them. The report "The Economy of the North" states:

> The circumpolar Arctic is exploited as a vast reservoir of natural resources that are destined for the southern, non-Arctic, parts of the countries, that also include Arctic regions, and more broadly to global markets. The Arctic is a major producer of hydrocarbons, minerals and marine resources, whose importance is confirmed by the very value of the resources produced. (Econor 2006, 22; see also Megatrends 2011, 58 "the international resource economy")

The importance of northern resources binds the economy of the North to global needs and aspirations. The economy of the North is represented as the export of natural resources from North to South. The global economy is depicted as a necessity; no alternatives to participating in it are mentioned. It is, however, also mentioned that the exploitation of resources may cause social stratification and vulnerability in local communities. (Econor 2008, 11–22)

The named agents of this economy are global industries and states. Local communities or individuals are not named as the key actors. On the contrary, the global economy of the North is described as being "outside physical or geographic spaces" (Larner and Walters 2004, 497), somewhere "out there". The Economy of the North goes on to observe:

> The vast Arctic regions, most of which were opened to large-scale industrial exploitation in the 20th century, attract large national and transnational firms that have the necessary means to support massive operation and retain profit. Most often, this large-scale exploitation is carried out with capital, equipment and labour from outside the Arctic regions themselves. (Econor 2006, 18)

For the Barents Region, the 'economy' of the global suggests development that is based on the extraction, mobility and transferability of resources, especially oil and gas (e.g. Soppela et al. 2010, 15). Development is understood as access to global markets, and globalisation is represented as "beneficial and inextricably reproductive" of development (Griffin 2010, 92). As Griffin (2010, 91) points out critically, the neo-liberal economy relies on the assumption that "people adhere to the rule of the market by identifying themselves with and internalising certain… modes of production".

The question of gender is silenced in the descriptions of the global economy of the North. By not naming individual actors or agents of the economy

and development, these accounts fail to acknowledge gender. Globalisation and global economy are portrayed as "weightless", "deterritorialized" or "placeless" (Larner and Walters 2004, 506). According to Waylen (2006, 153), the analyses of globalisation and the processes of the global economy are "devoid of gender". The gendered processes of the global economy, in terms of both labour and impacts, are ignored. Yet, at the same time, the opening of economies to global finances has been "advocated as fundamentally empowering to the individuals" and to women, particularly in developing countries (Griffin 2010, 96).

Larner and Walters (2004, 506) argue, however, that globalisation, including the global economy, is situational, time- and place-bound, and embodied. The global economy operates in bodies and always has spatial effects. Hence, the global economy should be best understood "as a situated process that involves diverse subjects and objects, including nation-states and sociotechnical networks and bodies" (Larner and Walters 2004, 507).

In the Barents Region, prostitution and trafficking in human beings are examples of embodied and gendered modes of globalisation and the global economy. The global "bioeconomy" (Dickins 2006) of the sex trade has a long and extensively studied history in the Barents Region (e.g. Penttinen 2004; Skaffari 2010; Sverdljuk 2009). The research has shown that cross-border prostitution and trafficking in human beings are economies that influence individuals, communities and the whole region. It is a global economy that is bound to bodies and genders and has spatial effects. Hence, it is one part of the gendered economy of the North, even though it is unrecognised and silenced in the broader political discourses.

The economy of continuity

The second economy of the North is depicted in terms of subsistence activities. It is represented as the local, and often traditional, economy that is manifested in the practices of hunting, reindeer herding, fishing and gathering. There is a clear distinction, even dichotomy, between the subsistence economy and the global "market economy" of natural resources, and generally the two are discussed separately. (e.g. Econor 2006, 2008) The subsistence economy is often described as existing outside the market-economy and market-oriented activities (e.g. Econor 2008, 75; see also Megatrends 2011, 58 "the traditional economy").

The role of the local subsistence economy is more social and cultural than financial. It is portrayed as a vital part of the traditional social and cultural life of the North. The Economy of the North (2006, 79) observes how subsistence

activities "continue to be of major significance to the indigenous peoples of the Arctic in providing food, social relationships and cultural identity". The local economy is described as a means to maintain culturally important livelihoods and hence to provide continuity.

The local subsistence economy works within families, social networks and activities of the private sphere (e.g. RHHE 2004). The named agents of this economy are local communities and peoples, that is, indigenous peoples, herders, men and women. Transferring cultures, values and traditions is an integral part of the subsistence economy, making that economy part of the reproductive economy of the North. According to Peterson (2003, 79), a reproductive economy is "the economy of families and the private sphere – where human life is generated, daily life maintained, and socialization reproduced". It is an economy that is often left out of research models due to its "unpaid" and "non-calculable" nature. The descriptions of the subsistence economy of the North exhibit similar features. Yet, as the local economy is tied to the social sphere, it is defined as economically non-profitable and in need of additional income from the market economy to provide "consumption possibilities" (e.g. Econor 2006, 79).

For the development of the North and the Barents Region, the discourse of the local subsistence economy promises social and cultural sustainability and continuity. The question of gender is raised in that development, both as a challenge and an opportunity. Gendered and gendering practices are discussed in the context of reindeer husbandry in particular (e.g. RHHE 2004, see also Sloan et al. 2004 about fisheries). The reports analysed note how the number of female reindeer owners has declined and women´s participation in nomadic herding has decreased. On the other hand, women provide economic income to herding – thus making it viable – by working outside the livelihood. (e.g. RHHE 2004, 106, 124) As Griffin (2010, 99) aptly suggests, women are "configured as a problem in, but also a solution to, economic development". The report on reindeer herding and hunting economies (RHHE 2004) describes the gendered – and the fading – role of women in herding:

> Women still play a prominent role, but we can see that a lack of women in the camps forces men to do some of this work [indoor work, heating, fishing, maternal tasks] as well. In addition, the introduction of technology has on the one hand eased the male labour. On the other hand, it has given them new types of work tasks; the technical instruments need to be serviced and repaired. In this way, we see that female labour decreases while male labour steadily increases. (RHHE 2004, 74)

As the above excerpt illustrates, questions of gender are not wholly silenced in the discourses of the northern economy. It is recognised that the economies of the North and the Barents Region are gendered; that is, they have different implications, roles and spaces of action for women and men. It can be critically observed, however, that it is still within the traditional "private" sphere and the family where the gendered nature of economy is made visible (e.g. Peterson 2003, 79-80). Taking questions of gender into account only in the context of the social sphere and cultural "activities", such as reindeer herding, is a way of excluding the broader 'informal' and reproductive economy that women contribute to in order "to keep the 'formal' economy sustainable" (Griffin 2010, 99). This reinforces the impression of gender being a relevant issue only in certain sectors of the economy of the North.

The economy of energy and communities of consumption

The third understanding of northern economy and development is also tied to the natural resources of the area. In this discourse, the economy of the North is described with the reference to energy production. Here, however, northern communities are depicted as economic actors in the company of states and global markets. The economy and economic aspirations of the North are represented as an expression of the needs of the region's local communities. The SDWG Report on Arctic Energy (2009) observes:

> A significant first step in relation to Arctic energy is the need to confirm the existence of commerically-feasible [sic] resources, for example oil and gas reserves, but at the same time to consider the energy options for local communities which are dependent on access to sustainable, affordable energy. (AE 2009, 13)

The question of consumption combines local stakeholders and global investments. The report emphasises, how energy consumption and costs are "an immediate concern" for northern communities (AE 2009, 20). Hence, it is due to the needs of local peoples and communities that the economy of the North is interlinked with the energy industry. Simultaneously, the perceived needs of local communities argue for and validate the existence and necessity of the

energy industry. The report describes energy availability, costs and geographic distances as influencing the living conditions of northern communities:

> The quality of life for Arctic residents is directly dependant on the availability and the cost of energy. Energy is a critical issue for Arctic residents given the sparse populations, long distances between many settlements, lack of transportation infrastructure in some parts of the Arctic and energy requirements for sustaining their communities in the climatic extremes created by long periods of cold and darkness. (AE 2009, 20)

In this understanding, the economy is defined as an activity framed by local needs and promises of development that will lead to better "quality of life", "sustainability" and "affordable" living. Development is thus described as economic opportunity that not only emerges within but also positively influences northern communities. It is here that the discourses urging individuals and communities to seize their "opportunity" (Griffin 2010, 90) intertwine with the globalist demands for economic efficiency. In the North and the Barents Region, energy production is portrayed as the "opportunity".

In this regard, the 'economy of energy' can be viewed as part of a neoliberal governmentality that obligates individuals to assume active citizenship and thus constructs the Barents Region. (e.g. Larner and Walters 2002; Larner 2000) The people and communities of the region are defined as economic subjects and encouraged "to conform to the norms of the market". Hence, northern communities are required to take responsibility for "enhancing their own well-being" (Larner 2000, 12,13). At the same time, the North and the Barents Region emerge as an "instrument of government" (Larner and Walters 2002, 423). The region is constructed in the name of "market participation", "growth" and "prosperity", which are provided through the energy production.

What are the gendered codes of the opportunities which individuals and communities are to seize as economically responsible actors? The discourse of opportunities embraces the idea(l) of survival. However, as Peterson (2010b, 279) argues, the global economy has only favoured a small group of people "while deepening the structural vulnerability of all workers and thus exacerbating old and generating new inequalities". From a gender perspective, it has also meant a "feminization of survival" (Sassen 2000). Women are left to seize their "opportunities" within the triple burden of domestic, informal and formal

labour. That this is the case in the Barents Region can be seen, for example, in a study on Russian market women in Norway (Mobile Kultur Byrå 2011). It describes a group of women who travel once a month from Murmansk (Russia) to Kirkenes (Norway) to sell their goods (e.g. handicrafts) in the town square in order to supplement their low income (salary or pension) and to provide economic security for their families.

Once again, the descriptions of the northern economy remain silent about the questions of gender. As Griffin (2010, 101) observes, in the vocabulary of economic efficiency society has become "an accessory" to the economy "rather than the other way around". In a similar vein, the discourse of the 'economy of energy' relies on the socialised bodies (of women and men) – for reproduction and social capital – without really addressing the questions of society and its role, for example, in economic productivity.

Broadening economy, recognising gender: implications for further research in and on the Barents Region

As the analysis reveals, understandings of the northern economy are constructed within and through the dichotomies of global and traditional/local: on the one hand, the economy of the North is described as a component of the global "flow" of natural resources extracted and exploited by the wider world and, on the other, as resting on traditional and local family-based economies recognised as having a vital role in sustaining societies and cultural values. Local economies and people are, however, enticed to join the global economy of natural resources for its promise of a "better" future, that is, affordable living and an improved quality of life. The underlying images and expectations associated with the development of the North are thus entangled with the promises of the global economy. In this context, as this chapter has also shown, the economy of the North is depicted as genderless. Questions of gender are raised only in the spheres of domestic and local economies.

The current emphasis on a global and large-scale natural resource economy can render other important 'economies' of the North and the Barents Region – and questions of gender – invisible. Historically, household and informal economies have been viewed as remnants of old and underdeveloped economies

and have been expected to cease in the process of economic modernisation. However, as time and research have revealed, the formal economy is dependent on the informal economy and the latter is far from vanishing. (Peterson 2010a) Indeed, Peterson (2010a) argues that the globalised economy has even increased informalisation. An essential part of the global economy takes place in the informal flows of goods, services and people – both licit and illicit. The unpaid and gendered work of reproduction, which involves domestic, caring and informal labour, is also an intrinsic part of the global economy. This is very much the case in the Barents Region.

In the midst of global economic processes, it becomes even more pertinent to study the phenomenon that Peterson (2010a, 259) terms "housewifization". The term refers not only to the "devaluation of feminized labour", but also to the features of global economics that leave both male and female workers "in the situation of housewives: atomized, unorganized and economically insecure" (Peterson 2010a, 259). We should critically reflect on whether the global economy that takes place in the North and the Barents Region might, in addition to the economic opportunities that it provides, "atomize" the existing, local and cultural economies of the region. Does the global economy eventually render the people of the region economically insecure and informal economies devaluated?

Future studies on the economies of the North and the Barents Region should thus not overlook informal and household economies. As feminists, among other researchers, have argued, the "hidden" work matters (Peterson 2010b, 273). Informal and household economies have both economic and political significance. Broadening the perceptions of the northern economy will make it possible to challenge and even break the gender stereotypes and hierarchies of that economy.

References

ARCTIC CLIMATE IMPACT ASSESSMENT (ACIA) (2005). Cambridge: Cambridge University Press.

ARCTIC HUMAN DEVELOPMENT REPORT (AHDR) (2004). Akureyri: Stefansson Arctic Institute.

BRAIDOTTI, R., CHARKIEWICZ, E., HÄUSLER, S. & WIERINGA, S. (1994). *Women, environment and sustainable development. Towards a theoretical synthesis*. London: Zed Books.

BÄCKSTRAND, K. (2004). Scientisation vs. civic expertise in environmental governance: Eco-feminist, eco-modern and post-modern responses. *Environmental Politics* 13, 695-714.

DE GOEDE, M. (2003). Beyond economism in international political economy. *Review of International Studies* 29, 79-97.

DICKINS, A. (2006). The evolution of international political economy. *International Affairs* 82(3), 479-492.

DILLON, M. (1995). Sovereignty and governmentality: From the problematics of the "New World Order" to the ethical problematics of the world order. *Alternatives* 20, 323-368.

FAIRCLOUGH, N. (2003). *Analysing discourse. Textual analysis for social research*. London: Routledge.

FAMILY-BASED REINDEER HERDING AND HUNTING ECONOMIES, AND THE STATUS AND MANAGEMENT OF WILD REINDEER/CARIBOU POPULATIONS (RHHE) (2004). Ed. by B. Ulvevadet & K. Klokov. Tromsø: Centre for Saami Studies.

FOUCAULT, M. (1991). Politics and the study of discourse. In G. Burchell, C. Gordon & P. Miller (Eds.), *The Foucault effect. Studies in governmentality*, pp. 53-72. Chicago: University Press of Chicago.

GRIFFIN, P. (2010). Gender, governance and the global political economy. *Australian Journal of International Affairs* 64(1), 86-104.

HEININEN, L. (2011). *Arctic strategies and policies. Inventory and comparative study*. Akureyri: The Northern Research Forum.

HØNNELAND, G. & STOKKE, O. S. (2007). Introduction. In O. S. Stokke & G. Hønneland (Eds.), *International cooperation and Arctic governance. Regime effectiveness and northern region building*, pp. 1-12. New York: Routledge.

IRNI, S. (2009). 'Experience is a national asset': A postcolonial reading of ageing in the labour market. In S. Keskinen, S. Tuori, S. Irni & D. Mulinari (Eds.), *Complying with colonialism. Gender, race and ethnicity in the Nordic region*, pp. 171-188. Surrey: Ashgate.

KESKITALO-FOLEY, S. (2011). *Lappilaisia naisia uuden talouden ajassa. Tulkintoja hallinnasta, toimijuudesta, koulutuksesta ja yrittäjyydestä*. Rovaniemi: Lapland University Press.

LARNER, W. (2000). Neo-liberalism: Policy, ideology, governmentality. *Studies in Political Economy* 63, 5-25.

LARNER, W. & WALTERS, W. (2004). Globalization as governmentality. *Alternatives* 29, 495-514.

LARNER, W. & WALTERS, W. (2002). The political rationality of "new regionalism": Toward a genealogy of the region. *Theory and Society* 31, 391–432.
LEITERITZ, R. J. (2005). International political economy: the state of the art. *Colombia internacional* 62, 50–63.
MEGATRENDS (2011). Copenhagen: Nordic Council of Ministers. Retrieved February 10, 2012, from http://www.norden.org/en/publications/publikationer/2011-527.
MOBILE KULTUR BYRÅ (2011). *Russian market women in Kirkenes*. Exhibition in Grenselandsmuseum, Kirkenes, Norway. Visited 3.10.2011.
MØLLER, L. (2009). *The Arctic Council – intergovernmental Arctic forum*. Speech in the Arctic Centre 20th Anniversary Seminar 29.9., Rovaniemi, Finland. Retrieved November 14, 2009, from http://arcticcentre.ulapland.fi/docs/20_moller_summary.pdf.
NILSSON, A. E. (2009). A changing Arctic climate: More than just weather. In J. M. Shadian, & M. Tennberg (Eds.), *Legacies and change in polar science. Historical, legal and political reflections on The International Polar Year*, pp. 9–34. Surrey: Ashgate.
NUTTALL, M. (2010). *Pipeline dreams: People, environment, and the Arctic energy frontier*. Copenhagen: IWGIA document 126.
PENTTINEN, E. (2004). *Corporeal globalization: narratives of embodied subjectivity and otherness in the sexscapes of globalization*. Tampere: Tapri.
PETERSON, V. S. (2010a). Informalization, inequalities and global insecurities. *International Studies Review* 12, 244–270.
PETERSON, V. S. (2010b). Global householding amid global crises. *Politics & Gender* 6, 271–304.
PETERSON, V. S. (2006). Getting real: The necessity of critical postructuralism in global political economy. In M. De Goede (Ed.), *International political economy and postructural politics*. pp. 119–138. Hampshire: Palgrave Macmillan.
PETERSON, V. S. (2003). *A critical rewriting of global political economy. Integrating reproductive, productive and virtual economies*. London: Routledge.
RONSON, A. (2011). Political climate change: The evolving role of the Arctic Council. *The Northern Review* 33, 95–111.
RUTHERFORD, S. (2007). Green governmentality: Insights and opportunities in the study of nature's Rule. *Progress in Human Geography* 31(3), 291–307.
SASSEN, S. (2000). Women's burden: Counter-geographies of globalization and the feminization of survival. *Journal of International Affairs* 53, 503–524.
SDWG REPORT ON ARCTIC ENERGY (AE) (2009). Arctic Council, Sustainable Development Working Group. Retrieved June 10, 2009, from http://portal.sdwg.org/media.php?mid=1012.

SKAFFARI, P. (2010). *Rajat ylittävä prostituutio – Tutkimus naisten kokemuksista pohjoisen itäprostituutiossa*. Rovaniemi: Lapland University Press.

SLOAN, L., KAFAROWSKI, J., HEILMANN, A., KARLSDÓTTIR, A., UDÉN, M., ANGELL, E. & MOEN ERLANDSEN, M. (2004). *Women's participation in decisions-making processes in Arctic fisheries resource management*. Norfold: Kvinneuniversitetet Nord.

SOPPELA, P., BROWN-LEONARDI, C., FRYER, P. & KANKAANPÄÄ, P. (2010). The changing Barents Region: Challenges and opportunities for researchers. In P. Fryer, C. Brown-Leonardi & P. Soppela (Eds.), *Encountering the changing Barents – Research challenges and opportunities,* pp. 11–23. Rovaniemi: Arctic Centre.

ST. DENIS, V. (2007). Feminism is for everybody: Aboriginal women, feminism and diversity. In J. Green (Ed.), *Making space for indigenous feminism,* pp. 33–52. New York: Zed Books.

STOKKE, O. S. (2007). Examining the consequences of Arctic institutions. In O. S. Stokke & G. Hønneland (Eds.), *International cooperation and Arctic governance. Regime effectiveness and northern region building*, pp. 12–26. New York: Routledge.

SVERDLJUK, J. (2009). Contradicting the 'prostitution stigma': Narratives of Russian migrant women living in Norway. In S. Keskinen, S. Tuori, S. Irni & D. Mulinari (Eds.), *Complying with colonialism. Gender, race and ethnicity in the Nordic region*, pp. 137–153. Surrey: Ashgate.

TAKING WING (2002). Conference Report. Helsinki: Ministry of Social Affairs and Health.

THE ECONOMY OF THE NORTH (Econor) (2006). Ed. by S. Glomsrød & I. Aslaksen, (Eds.). Oslo: Statistics Norway.

THE ECONOMY OF THE NORTH II (Econor) (2008). Edited by S. Glomsrød & I. Aslaksen. Oslo: Statistics Norway

WAYLEN, G. (2006). You still don't understand: why troubled engagements continue between feminists and (critical) IPE. *Review of International Studies* 32, 145–164.

CHAPTER 15

Monica Tennberg, Aileen Espiritu, Larissa Riabova and Julian Reid

CONCLUSIONS AND SOME SUGGESTIONS FOR FURTHER RESEARCH

The regional dilemma of sustainable development

This book is relevant to the understanding of sustainability issues and concerns in the Barents Region, which is seen mostly as a resource region for the European and global markets. Much of the current research on the Barents Region has been and is still carried out within the geopolitical tradition of international relations studies. In the geopolitical approach, natural resources-based development in the Barents Region is analyzed by focusing on states and international cooperation. From this perspective, sustainable development is mostly a question of natural resource management and issues related to it. A more critical strand of geopolitics focuses on spatial politics on various scales by studying discourses and practices of political space-making. From this perspective, the Barents Region is a constellation of competing spatial discourses and practices, including those concerning sustainable development (see Aalto et al. 2003; Brunstad et al. 2004; Lehtinen 2003).

This book uses an approach called International Political Economy (IPE) to study the development of governance practices in the Barents Euro-Arctic Region. IPE aims at studying the co-creation of wealth, power and well-being (Dickins 2006; Leiteritz 2005). The main advantage of this approach is that it problematizes the relationship between the political and the economic. According to Susan Strange (1994, 219), IPE extends the conventional limits of the study of politics by investigating how and by whom power is exercised to influence politics beyond the traditional, state-centred sphere of international relations. Most importantly, the IPE approach emphasises the social dimension of sustainable development: what kind of social relations lead to social and environmental problems possible and how these relations influence efforts to solve them (Newell 2008).

The first chapter of this book introduced some ideas by Larner and Walters (2002) about regional governmentality as a particular mode of governance

that is connected to developments in global economy and governance. Neoliberal regionalism is a widespread mode of governance which emphasises the use of market-based techniques to govern state-society relations and build public-private partnerships (Underhill 2000; Larner 2000; Marshall 2001). This concluding chapter will return to some of the ideas presented in the introduction and the findings from the individual chapters. Two main conclusions can be drawn from the book and its various chapters. The first is that there are "neoliberal" approaches to regional governance based, for example, on "hybrid soft-law instruments" that increase private regulation and corporate social responsibility. These practices produce competing political, economic and legal rationalities for regional governance (Larner and Williams 2002, 423), working "at distance" through freedom and self-help. The second conclusion is that this neoliberal approach raises some concerns about the social and environmental sustainability of development in the region. The "biopolitical" logic of neoliberal regionalism emphasises the capacity of people and local communities to take advantage of economic opportunities and their responsibility to use their regional assets effectively (Painter 2012, 5). **Heidi Sinevaara-Niskanen** suggests in her chapter that local economies and people are enticed to join the global economy of natural resources by its promise of a better future: that is, affordable living and improved quality of life. This is not always the case in the Barents Region, as Sinevaara-Niskanen and some of the other authors show in their contributions.

Neoliberal governance in the Barents Region

Neoliberal regional governmentality is based on the idea of governing through freedom (Larner 2000; Larner and Walters 2002). Accordingly, regions such as the Barents Region govern themselves by interaction, communication and reform within and between authorities, companies and non-governmental organizations. An example of "governance at distance" is the double structure of governance in the Barents Region. **Md. Waliul Hasanat** concludes in his chapter that the double structure of Barents governance creates two forms of "soft" international law practices. He suggests that ministerial Barents Council is a "soft-law" body under modern international law, while the Regional Council appears to be a "softer than soft-law" body. The author argues that this

type of approach to regional governance adapts to new situations and changes in the region and responds to local needs.

Another example of governance at distance is given by **Anna-Maija Matilainen.** In the forest sector in Northwest Russia, several regulatory systems run by the state and companies co-exist. The large forest companies in Northwest Russia have adopted various regulatory instruments such as Forest Stewardship Council (FSC) standards to govern their behavior, while the smaller companies have developed their own Corporate Social Responsibility (CSR) practices. Because of the participation of non-governmental organizations, the CSR of the forest companies is not solely in the hands of the companies themselves. The companies have to learn how to cooperate with various stakeholders and find ways to navigate in multiple regulatory regimes.

Regional governmentality constructs the region as a site for competing rationalities of governing. Through competing rationalities of governing the region is "governmentalized". The Barents Region is made up of fragmented peoples and territories linked by asymmetrical relations of political and economic power, as suggested by Larner and Williams (2002, 411). **Karolina Banul** argues that the Barents Region is an example of a territory covered by a network of complicated political relationships. Different interests of regional, national and international political powers come together and compete in the search for renewable energy policies. **Stefan Walter** describes conflicting governmentalities in the current climate and energy policies of the region and suggests that current governance efforts do not mitigate the acceleration of energy use in order to curb emissions that lead to climate change. Rather, the efforts may, in fact, only redistribute the burden and risk of climate change impact in the North. Another example of competing rationalities in regional governance comes from Russia. **Larissa Riabova's** analysis of Russian Northern policy concludes that the federal policy treats the North and the Arctic as a resource base for the rest of the country, while the northern regions themselves put more emphasis on the need for their sustainable development. Riabova suggests that there is a need to balance these two extremes and aim at a more sustainable and socially oriented approach in the state Northern policy, as well as the development of new, more equitable policies of resource management and resource rent distribution in the North based on co-management models and the redirection of revenue flows towards the northern regions of the Russian Federation.

The neoliberal self-help system of regional governance is based on trust among individuals, organizations and institutions. However, building and maintaining it across borders, institutions and individuals is not easy. **Eini Laaksonen** discusses successes and failures in business activities by Norwegian and Finnish companies in the Murmansk region on the basis of research literature review**.** The Norwegian companies operating in the Murmansk region have trustworthy contacts with Russian partners, and they have suitable negotiating strategies, as well as sufficient knowledge of the Russian culture and language, to succeed in these negotiations. This does not seem to be the case for Finnish companies, Laaksonen concludes. **Maria Tysiachniouk**, for her part, in a case study focusing on different stages in the production, manufacturing and selling of forestry products, studies the importance and understanding of trust in Finnish-Russian business relations. The analysis shows clear national differences in the ways managers construct trust in their business activities at various stages in the chain of custody.

Biopolitics of development in the Barents Region

Some critical writers, such as Julian Reid (2012), have suggested that sustainable development has been, or is currently being, appropriated by economic rationalities, and specifically those of neoliberal doctrines of governance. This may mean that local communities and populations are becoming "adaptive opportunists" to changing environmental, social and economic conditions. The theme of economic well-being and happiness is at the focus of the chapter by **Nils-Gustav Lundgren**. The author studies the connection between economic growth and happiness, presenting some interesting empirical results from the northern Swedish part of the Barents Region. Contrary to some results in international research on happiness, people belonging to a national minority can experience greater happiness, at any rate if they are Sami or inhabitants of the Torne Valley, than other groups of inhabitants in the region. Geographical location can also influence happiness, according to Lundgren: people in Skellefteå and Piteå are definitely happier than the average Norrlander. **Heidi Sinevaara-Niskanen** concludes that the current emphasis on global and large-scale natural resource economy in the region can render other important 'economies' of the North invisible, along with questions of gender.

The informal flow of goods, services and people, both licit and illicit, is an essential part of the global and regional economy. The unpaid and gendered work of reproduction, which involves domestic, caring and informal labour, is also an intrinsic part of the global and regional economy.

There are also some local tragedies to report from the Barents Region. **Soili Nysten-Haarala** and **Antonina Kulyasova** describe the situation among the Pomors as "rapidly leading to the human socio-economic tragedy of a group of people who are dependent on natural resources, the governance of which they have been forced to relinquish". The competition between state legislation and traditional rights is leading to the same sad result as that suggested by the theory of the tragedy of the commons – not to the regulated protection of biological resources, as the Federal Law on Fishery claims. The authors suggest that "[w]hether they are considered to be an indigenous people or not, it is clear that the Pomors are a group of people who are dependent on traditional fishery." Instead of demanding recognition for the Pomors as an indigenous people, the writers' view is that the Pomor Movement should emphasize the special economic, social and cultural conditions of the Pomors and demand special legislation, examples of which can be found in the history of Pomorie as well as in recent legislation of the neighbouring countries.

The importance of public participation in promoting socially sustainable development is stressed by many authors in the book. In some cases, civil society can become a counter force to "neoliberal sustainability": for example, non-governmental organizations cooperate with companies and try to include social and environmental factors in the relationship with the local communities (Aarsaether et al. 2004; Hønneland and Blakkisrud 2001; Heleniak 2008; Riabova 2010). **Luc Ampleman** stresses the importance of planning and public participation for effective regional governance of transportation. In a region like the one covered by the Barents Euro-Arctic Transport Area (BEATA), Ampleman concludes that the challenge of transport planning is even more complex than in many other cases. The regional planning process of sustainable transport established links between planners several years ago. Many common projects are still under development, and the common interest in going further with a general vision for the region still seems to have general support. The author suggests some measures to facilitate the next steps, such as the elaboration of indicators that are adapted to Arctic conditions, the use of simplified tools to facilitate the general participation and understanding of all stakehold-

ers concerned by transportation, and the inclusion of all transport dimensions in order to make better use of the actual infrastructural capital of the Barents Transport systems.

Vladimir Didyk, for his part, highlights the importance of local institutions in promoting sustainable development since the establishment of Barents cooperation in the early 1990s. Although the role of local government in achieving sustainable development at the local level is potentially high, its actual implementation in the Russian regions in general, including the areas that are part of the BEAR, is weak. This weakness is due to recent development factors, the absence of a national development strategy, and weak civil society in Russia. However, some international projects and programs in the region have had a positive impact on strengthening local self-government and advancing the sustainable development of local communities.

In **Nafisa Yeasmin's** view, cultural mediation can play an effective role in promoting a better understanding of cultures, as well as improving attitudes among local peoples, based on a case study of immigrants and their problems. In Rovaniemi, Finland, there are many governmental and non-governmental organizations and projects aiming at enhancing multiculturalism. The author argues that local attitudes towards immigrants are a complex phenomenon that cannot be generalized. Those attitudes vary from one person to the next. Proper initiatives to promote mutual knowledge and understanding among immigrants and the local population may improve the overall situation and contribute to the development of Finnish society, according to the author.

Future research needs

The political economy of the Barents Euro-Arctic Region has several special features: there is greater diversification of economic activities than in the Arctic as a whole; the role of the EU is important in regional policies, trade relationships and various development projects; and there is extensive political cooperation in the region by various political bodies, participants and programs. All these characteristics make the region an interesting case study for the exploration of the connections between economic development, local communities and practices of governance (Duhaime et al. 2004; Political economy of northern regional development 2010; Megatrends 2011). Many of the current na-

tional policies towards the North, whether we are speaking of the Barents Region or the Arctic in general, are motivated by a spirit of colonialism. The states in the region aim to become leaders in Northern and Arctic development. Because of such ambitions, it behooves researchers and other stakeholders to analyze regional and national agendas and actions critically and to examine what implications they will have for local Northern and Arctic communities that are dependent on the use of non-renewable resources.

Our suggestion is to develop a joint, long-term Barents research program that mobilizes research institutes, researchers and local stakeholders to study, document and critically evaluate regional dynamics towards sustainable development, focusing in particular on various governance practices that either enable or hinder socially sustainable development in the region. There is a need to 1) produce multidisciplinary knowledge about challenges and threats to, as well as opportunities for, sustainable development across the Barents Region; 2) synthesise macro- and micro-level knowledge about current neoliberal and other governance practices as a catalyst for sustainable development through joint research, workshops and publications; 3) disseminate information concerning the research process and its results through social media, websites and travelling exhibitions; and 4) develop a long-term Nordic-Russian research partnership to document and critically evaluate the Barents Region's evolution towards sustainable development.

The overall aim of this research strategy should be to denaturalise sustainable development as a neoliberal technique of governance and question the existing ways of understanding "unsustainability" as a problem for local, national and regional governance. Future research should challenge the dominant neoliberal, economically driven conceptions of sustainable development and transform their current limitations by studying local, national and regional discourses and governance practices. Such discourses and practices cannot be studied by focusing only on local communities and populations; there is a need for broader analysis of changing historical, social, political and economic governance at different levels across the Barents Region. Moreover, serious and thoughtful analysis of the place of the Barents Region within the wider global context of international political economy in its diverse forms would afford a more holistic assessment of the position of this region vis-à-vis the EU and the Circumpolar North as a whole.

References

AALTO, P., DALBY, S. & HARLE, V. (2003). The critical geopolitics of Northern Europe: Identity politics unlimited. Special issue of *Geopolitics* 8(1).

AARSAETHER N., RIABOVA L., & BARENHOLDT, J.O. (2004). Chapter 8. Community viability. In *Arctic Human Development Report 2004,* pp. 139–154. Akureyri: Stefansson Arctic Institute.

BRUNSTAD, B., MAGNUS, E., SWANSON, P., HØNNELAND, G. AND ØVERLAND, I. (2004), *Big oil playground, Russian bear reserve or European periphery? The Russian Barents Sea Region towards 2015.* Delft: Eburon.

Dickins, A. (2006). The evolution of international political economy. *International Affairs* 82(3), 479–492.

DUHAIME, G., LEMELIN, A., DIDYK, V., GOLDSMITH, O., WINTER, G., CARON, A., BERNARD, N., & GODMAIRE, A. (2004). Chapter 4. Economic systems. In *Arctic Human Development Report 2004,* pp. 69–84. Akureyri: Stefansson Arctic Institute.

HELENIAK, T. (2008). Changing settlement patterns across the Russian North at the turn of the millennium. In *Russia's Northern Regions on the edge: Communities, industries and populations from Murmansk to Magadan*. Helsinki, Finland: University of Finland Press.

HØNNELAND, G. & BLAKKISRUD, H. (Eds.) (2001). *Centre-periphery relations in Russia. The case of the Northwestern regions*. Aldershot: Ashgate.

LARNER, W. (2000). Neoliberalism: Policy, ideology, governmentality. *Studies in Political Economy* 63. http://spe.library.utoronto.ca/index.php/spe/article/view/6724/3723.

LARNER, W. & WALTERS, W. (2002). The political rationality of "new regionalism": Toward a genealogy of the region. *Theory and Society* 31(3), 391–432. DOI: 10.1023/A:1016255120209.

LEHTINEN, A.A. (2003). Mnemonic North: Multilayered geographies of the Barents Region. In F. Möller & S. Pehkonen (Eds.), *Encountering the North: Cultural geography, international relations and Northern landscapes*. Aldershot: Ashgate.

LEITERITZ, R.J. (2005). International political economy: The state of the art. *Revista Colombia Internacional* 62, 50–63.

NEWELL, P. (2008). The political economy of global environmental governance. *Review of International Studies* 34, 507–529.

MARSHALL, J.D. (2001). Varieties of neo-liberalism: A Foucaultian perspective. *Educational Philosophy and Theory* 33(3&4), 293-304.
MEGATRENDS (2011). Stockholm: Nordregio.
PAINTER, J. (2012). Regional biopolitics. *Regional Studies*, 1-14. DOI: 10.1080/00343404/2011.653333.
POLITICAL ECONOMY OF NORTHERN REGIONAL DEVELOPMENT (2010). Retrieved April 27, 2012, from http://www.norden.org/fi/julkaisut/julkaisut/2010-521.
REID, J. (2012). The debased and politically disastrous subject of resilience. *Development dialogue* 58, 67-80.
RIABOVA L. (2010). Community viability and well-being in the circumpolar North. In L. Heininen & C. Southscott (Eds.), *Globalization and the Circumpolar North*, pp. 119-148. Fairbanks, Alaska: University of Alaska Press.
STRANGE, S. (1994). Wake Up Krasner! The World Has Changed. *Review of International Political Economy* 1(2), 209-219.
UNDERHILL, G.R.D. (2000). State, market and global political economy: Genealogy of an (inter-?) discipline. *International Affairs* 76(4), 805-824.